DAILY MARKET LETTER

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NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO January 2, 1942.

We have just crossed the midway point in the crop-year for wheat. Total exports have amounted to 12 1/2 million bu, indicating that shipments for the year should not exceed 25 million bu, although the latter figure may not be reached, as in ordinary times we generally do the bulk of our business during the first six months. Of course, everything is so different these days that if there should be an extraordinary demand from Russia, the picture might change later on. From a statistical point of view, wheat is in a somewhat bearish position. There is at the present time 650 million bu on hand for export and next carryover on the assumption that our prospective utilization during the entire crop-year will not exceed 670 million bu. The government uses this figure, and it is probably correct, owing to the fact that a smaller quantity will be needed for seeding operations, with a sharp acreage cut already having taken place in winter wheat and the chances for some reduction in spring wheat seeding later on.

Nevertheless, the trade continues to feel that the important item to consider is the large quantity of wheat impounded under federal loans. In addition to the 170 million which was impounded from previous crops, there is now 340 million bu of wheat tied up from the current season's production, this figure being established as of December 20th. It showed a gain of nearly 4 million bu over the previous week, and it leaves about two or three reporting periods for the winter wheat crop, as there are always some delays in getting the final statistics assembled; but as we understand it, spring wheat farmers may continue the program until the end of January. Thus, there is already 510 million bu frozen, with a further quantity still to be taken out of commercial channels, and this is more than twice as much as was tied up artificially during the Farm Board era. It is little wonder, therefore, that prices are ruling at very artificial levels, and much depends now on what the redemptions may amount to, as for the time being statistics do not have their usual influence.

The government now has a policy for selling its pooled wheat, and the prices are to be announced twice each month. The present plan of the CCC is that offerings of wheat will be made at the market price but not less than 15¢ over the 1941 loan level. Therefore, there has been no change since the last sale price was established the middle of December.

Ordinarily we would be hearing much talk of selling pressure from Southern Hemisphere. The war, however, has changed that phase of our economy. Instead, we are told that the problem of storage space in the Argentine is becoming more acute, with the crop moving to terminal markets. At the chief ports terminal elevator space is estimated at 125 to 150 million bu, which probably can be filled to about 95% of capacity. There was already 107 million bu of wheat, oats, and flax in store on December 26th, with smaller quantities of barley, rye, etc., indicating that very little empty space is available. In Australia, harvesting is about completed. A good average crop or better was harvested, and with hostilities in the Pacific, exports of wheat and flour have been further curtailed.

Temperatures dropped in many sections over the holiday. Snowdrifts were reported in many parts of the West, with the heaviest fall reported in Iowa.

Primaries were 824,000 bu versus 958,000 bu last week, and 443,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 17,000 bu.

Toward mid-session it became known that Secretary Wickard was urging that price controls for agricultural products be lodged with his Department. As a war-time measure, and to stimulate production, he warned that he be given a rather free hand, frankly stating that comparatively high prices may be necessary to get the vital commodities produced, and he would not hesitate one moment to give farmers necessary assurances. This, together with approval by the Senate Banking Committee for a provision that ceilings on farm commodities cannot be set at less than 110% of parity, was construed as bullish, and final wheat prices showed an advance of 1 1/4¢ per bu.

Corn also rose for the same reason, plus the fact that the CCC advanced its asking price 1¢ per bu at various markets. Rye was especially strong, while provisions advanced after new ceiling prices were announced; also the seriousness of fats in general resulting from Japanese successes in the Far East, was a factor.

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CHICAGO MERCANTILE EX.

CHICAGO January 5, 1942.

The public is gradually becoming more war conscious. Rationing of automobiles and tires, making it almost impossible for civilians to obtain these articles, which formerly were so plentiful, is just one of the elements that has brought the war closer to home.

The Department of Agriculture is now re-appraising prospects for all food supplies, and many sharp shifts may soon result. There are no important shortages developing as yet, but if the war lasts for a prolonged period, the question of fertilizers, farm machinery, storage, and labor supplies will be factors to receive first consideration. Insofar as our wheat supply is concerned, there was never any time in history when we had more on hand than at present. First of all, the crop and carryover amounted to 1,333 million bu, or about 340 million bu above supplies a year earlier, which at that time was near a record. Consequently, with domestic disappearance figured at only 670 million bu, and with little chance of exports, we will probably end up the season with larger reserves than ever before. Moreover, the preliminary indication for the 1942 production of winter wheat stands very high, and is placed by the government at 631 million bu, although there is no indication yet what spring production may amount to, except that moisture conditions in most of the states are very satisfactory. Should there be any disappointments over the winter wheat outlook, the government could always help itself by relaxing its restrictions on spring wheat farmers. Therefore, we believe that this is one commodity which, for the time being, should give no concern. Even on the assumption that only 15 million acres are seeded to spring wheat, an average production would yield about 162 million bu, but this could be stepped up materially, as we believe that there is sufficient farm labor to sow at least 22 million acres or more, if it is later found to be necessary.

Despite all statistics to which we have called attention often in our letters, we have always emphasized the artificial situation that was with us, and this is becoming even more pronounced as time goes on, and larger quantities of wheat are impounded under federal loans. This has gradually resulted in very limited quantities of wheat being offered on the spot market, and apparently whatever was sold found ready takers, as the mills have been grinding the usual amount necessary to maintain our domestic needs. In any case, the country movement has been small, and farmers, imbued with a certain amount of bullish sentiment, were not inclined to redeem their wheat at the present level of prices. The CCC is said to have sold sizeable lots of their holdings to local mills during the week, but yet there was sufficient speculation to absorb this without depressing the market in the least.

Cold weather has set in over the entire winter wheat belt, but in many sections the ground is pretty well protected by snow, and very often when we have had the amount of moisture which we had recently, less damage occurs than otherwise. It is true that East of the Mississippi river many grain fields were bare of snow, and thus, the abandonment may finally be heavier than the government had estimated the latter part of December.

There has also been some thought given to the Russian requirements next year, but the Red government has officially announced that large areas east of the Volga river and in Siberia, as well as Central Asia, have been sown in winter grains to offset losses in the occupied areas.

The visible supply decreased only 557,000 bu, which is not much at this season of the year. Total stocks are still close to 219 million bu in all positions, or about 72 million bu larger than a year ago. There was a decrease in Chicago of 200,000 bu, leaving about 15 3/4 million bu still here. Primary receipts were 467,000 bu, which was rather moderate, and showed a slight decrease from last week, but was about in line with last year.

There was very little feature to the market, early gains were not maintained, and with some profit-taking, there was a decline of 1/2¢ per bu .

Corn was about steady. The CCC sales last week amounted to about 3 1/2 million bu, but in spite of this fact, stocks at terminal markets are not being accumulated as farmers are withholding their corn from the market.

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CHICAGO MERCANTILE EX.

CHICAGO January 6, 1942.

There was very little grain news overnight. The trade is still awaiting action on the price control bill, which is scheduled to be called on the floor of the Senate tomorrow, and passage might follow by the end of next week. The supporters of this measure are determined to fight off any important amendments, but ceiling prices on agricultural products will probably not be lower than 110% of parity or the October 1, 1941, price whichever is higher. If this is the case the wheat ceiling might be in the neighborhood of $1.57 Chicago, which is still considerably above present levels. This is also much higher than the maximum price in Canada for Prairie-produced grain, and most Canadians feel that the old rate will be maintained, which for wheat was 82 3/4¢ a bu basis Fort William. Broomhall believes that Canada may change its policy next spring with relation to the wheat acreage. As will be remembered, the government asked for voluntary curtailment of acreage last season, and the farmers responded. Even though there will be a huge carryover at the end of the season, it is now realized that Canada has the responsibility of meeting almost the full requirements of the United Kingdom, and more recently, there was also the possibility that Russian needs might be cared for, at least in part. Nobody can tell what these latter requirements may amount to. The Ukraine and other surplus producing areas, which in the past have produced heavily, may be out of the picture during the 1942 season, but as an offset, other lands have been opened up; therefore, the net loss may not be as great as was first anticipated. In any case, Canada, in conjunction with the other surplus countries, now recognizes that while the war lasts, it may be necessary to maintain a large reserve of wheat that will have to be shipped to war-ravaged Europe after hostilities have ended.

Our domestic situation shows little change from week to week except that the impounded stock increases, the gain for the week having been somewhat less than 4 million bu. There is at the present time nearly 344 million bu of wheat frozen from this year's production. This figure was officially given as of December 27th. A year ago there was an increase of 8 million bu in the impounded supply during the remaining period, with apparently some statistical lag until the final figures were compiled. Possibly the same pattern will be followed this year except for the Northwest, where spring wheat farmers were given an extra four weeks to take advantage of government loans. Therefore, we may finally have something like 360 million bu frozen from the 1941 crop, together with that which accumulated from the previous season. The latter will undoubtedly show a further reduction from the 173 million bu which the government had gained title to, owing to the fact that sales are being made right along to some of the smaller mills.

The primary movement was only moderate at 573,000 bu compared with 536,000 bu last week, and 320,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 26,000 bu.

The market was firm throughout the session, and this was due largely to further milling business, with hedges being taken out of the pit. The open interest is small; in fact, disappointing, being only slightly over 38 million bu for all three futures, or about the same as on May 10th of last year when it established a record-low for all time. Speculative trade apparently finds the situation too confusing, and, therefore, no big commitments are being made. At the last, May wheat showed an advance of 1/2¢ per bu, while the July future rose the same.

Corn was firm, although showed less buoyancy than did wheat.

There was considerable strength in rye and in oats. The oats situation seems to be strengthening now, with only light receipts, and there were never any real big surpluses built up at terminal points.

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CHICAGO January 7, 1942

The President gave a magnificent talk yesterday in his State of the Union message before a joint session of Congress. In order to finance such a tremendous program and to insure a quick victory, sizeable quantities of money are needed, and therefore, there were no great surprises in the budget message today, in which $9 billion in new taxes were asked. The Chief Executive also forecast a deficit of $42 billion for the next fiscal year. There will, of course, be some savings in non-military items, but these are relatively small in comparison with the total spending. It was made clear that taxes on personal and corporate incomes should bear the brunt of any general increase, and this had a slightly bearish influence upon the stock market, although grains were very little affected. As a matter of fact, trade in our various pits was rather slow, although in line with recent volume.

When the open interest was published, a new record low for all time was disclosed, as there are only 37,311,000 bu of all wheat contracts open, and this in spite of the fact that we have one of the largest visible supply stocks that has ever been built up at this season of the year. However, much of the grain at terminals is not hedged owing to the fact that the government loan has afforded a certain amount of insurance, which previously was borne by private speculators. Whether the present system can survive is still a question unless more consideration is given to the machinery which has been built up here, and which is so necessary in ordinary times to handle the traffic of marketing big crops. It has already been proved that new initiative is not coming into this business, as present inducements are insufficient, and if the government would at some later date want to withdraw from the field of subsidizing agriculture in getting away from a socialized scheme of handling our crops, it would certainly be a pity if the many years of experience, which grain men have contributed to a going business, were not available.

In addition to other suggestions, the President asked that the Secretary of Agriculture be granted authority to obligate the Treasury for parity payments for the so-called basic crops. His purpose in doing this was to maintain the farmers' purchasing power. While he stated there would be certain ceilings on the articles which the producer had to buy, if in the final analysis price developments should turn against the farmer, an appropriation would be necessary to carry out the objectives of the AAA. Confirming what Mr. Wickard had previously stated, there will be an increased production in many items, and, therefore, there is not the same necessity for continuing the acreage control programs on the same scale as in the past.

Primary receipts today were extremely small, possibly influenced by the recent cold snap. They amounted to only 277,000 bu compared with 644,000 bu last week, and 296,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 233,000 bu.

There are parts of the winter wheat belt where inadequate snow protection is reported. This is notable in northwest Ohio, northern Indiana, part of central Illinois, and much of Missouri. Fortunately, however, large areas are fairly well to deeply blanketed, according to the government weekly weather and crop report.

Sentiment in the wheat market remains friendly on the theory that there is so little pressure, and this situation may continue until either redemptions take place, or else the government sells its own holdings on a larger scale. Last prices were 1/8 to 1/4¢ per bu higher.

In corn, advances come about slowly, and there seems to be some CCC corn sold almost every day, which prevents sharp advances, but nevertheless, the commercial demand is good, while no accumulations of importance are being built up at terminal markets.

Oats went into new high ground. This is one cereal in which nobody has to fear government holdings being sold.

Rye has gained a few more friends on the theory that imports from Canada will be reduced if a parity scheme is worked out whereby their dollar may be exchanged for ours. In connection with the latter there is nothing definite.

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CHICAGO MERCANTILE EX.

CHICAGO January 8, 1942.

The Chicago Board of Trade has operated for nearly a century, and has performed a wonderful service to the public. The rules governing futures trading after these many years of continuous growth have been amended from time to time but have been stabilized to meet the needs of the various parties immediately concerned in grain marketing: namely, hedgers, speculators, cash grain interests, warehouse interests, bankers, as well as credit interests. It would be more than a calamity if through government operations anything should happen to endanger any institution that has served so many millions of people so successfully. The grain trade credit has been mobilized and safeguarded to a very high degree of business efficiency. For this reason the banks have always loaned almost the full amount of the value on warehouse receipts, and in the words of one of the greatest bankers of this country: "Warehouse receipts for grain, or anything else that finally becomes human food are, in my opinion, the best possible collateral for bank loans. I have seen the time more than once when high class stocks and bonds, and even government bonds, could not readily be sold, but I have never seen the time, nor do I ever expect to see it, when anything that has to be eaten could not be sold. The warehouse receipts, therefore, constitute a collateral which is always available for the payment of debts. Furthermore, if the grain or provisions represented by the warehouse receipts are already sold for future delivery, that fact adds a great element of strength to the loan, because there is a third party obligated to take the grain at a certain time for a given price." This was written thirty years ago, but is equally true today, provided that our futures market is properly safeguarded, and provided that restrictions are not clamped down upon this institution, so that the futures market becomes thin, and therefore, hedging possibilities impractical.

With high loans, a great many people have been discouraged from trading, and others, who almost always insured themselves through hedging operations, have felt that the government floor gave them a chance to speculate. Thus, we have the smallest open interest that has ever been reached, and it is not quite so easy to transact large business here as in former times. Those of us who have been in business for a good many years still have faith that the government will comprehend the true situation before it is too late.

It was not mere chance that the greatest grain market in the world was established here. We have such a wonderful railroad net that many terminals are located in Chicago. When the necessity arises, Chicago can draw wheat from almost any point in the Northwest or Southwest and distribute it by rail or water to the East or for export. An additional reason for our growth was the amount of capital invested in elevators and the great banking facilities which exist here; therefore, it makes a very attractive place for a futures market. In this respect there is none to equal it anywhere in the universe.

Every loyal American realizes that certain sacrifices must be made for our war economy, and every one wants to do his share to insure victory. If it is necessary for manufacturing plants to close during hostilities, we can visualize that their operations may be resumed following peace. However, it is different with futures markets, as they represent a complicated and intricate piece of machinery, reaching and affecting almost every hamlet in the farming sections of the United States. If our institution were once disbanded, it might take years, if ever, to reorganize it.

Primary receipts were just under 400,000 bu, which was about the same as last year; a holiday occurred last week. Kansas City and Minneapolis stocks so far this week show a net decrease of 471,000 bushels.

There was a little local selling when it became known that the President opposed Mr. Wickard's plan of having the price control features of agriculture withdrawn from the general price control bill, although actually there would be nothing bearish in this move. Final prices were fractionally lower.

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CHICAGO MERCANTILE EX.

CHICAGO January 9, 1942.

About the only grain news of importance is that a fair amount of wheat is still being impounded under federal loans. Of the near 4 million bu that was frozen during the week ended December 27th, the bulk of it was tied up in North Dakota, which is a large spring wheat producing State, but elsewhere the quantities were rather unimportant. Montana, Minnesota, and South Dakota together had only about one-half million bu frozen. Thus, it can be seen that even with the program continuing in the Northwest during the current month, the top figure will not be as large as some had expected earlier in the season. Possibly the answer is that at the present level of prices there are not the same inducements to withhold grain from commercial markets; furthermore, some producers are actually redeeming their wheat, although up to the present time the quantities have not been large.

One hears almost nothing of Southern Hemisphere developments, which in most years are the important factors to be considered at this season. We often find that between now and March, shipments from those two countries reached their maximum, or somewhere in the neighborhood of 6 million bu per week, which was a big contribution to world requirements; but nothing of that sort is occurring at this time. Instead, we hear of various propositions for keeping the wheat in each of the respective countries, the Argentine government having approved proposals for the construction of 64 grain elevators, with a total capacity of about 5 1/2 million bu. Shipments of wheat and flour from that country are still small, only about 1 1/2 million bu the past week, of which 265,000 bu was destined to the United Kingdom and 452,000 bu to Spain. At the chief ports, there is now 79 million bu of wheat in store compared with 6 1/2 million bu in 1941 same date. Preliminary indications are that the exportable surplus of wheat is around 230 million bu. In Australia, the crop has been somewhat reduced owing to the outbreak of red rust in southern sections. This may have taken a toll of 12 million bu, with the yields now estimated at 158 million bu. The export outlook is not promising, but farmers are being given an advance on basis of 140 million bu to tide them over. This loan amounts to about 45¢ per bu on the farm, or possibly 3¢ higher if the wheat is in sacks, but a rather small payment in comparison with the 98¢ loan to farmers in this country for the 1941 crop, and a still higher loan that is indicated for next crop on basis of more recent parity figures.

Despite the fact that we are so much closer to Britain, and with less competition from Argentina and Australia, our own exports are very light; for twenty-seven weeks, having totalled slightly over 12 1/2 million bu for wheat and flour, but the bulk of the business is being done by Canada, where 84 million bu has cleared since August 1st, or, roughly, 29 million bu more than the previous season. There was some talk that recent cold weather might have damaged winter wheat in Kansas, but our experience has been that even where the snow covering was inadequate, less harm occurred when there was sufficient moisture in the ground. In any case, it is too early to have definite opinions at this time.

Primary receipts were down to 390,000 bu compared with 824,000 bu last week, and 393,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 649,000 bu. When the visible supply is posted on Monday, it will compare with a shrinkage in 1941 of 2 1/2 million bu. The open interest showed another heavy decrease, with a new low record for all time.

Wheat prices were firm right from the start, and while there was never any aggressive buying, sentiment seems to favor the long side until heavier redemptions take place. At the last, the market showed a gain of 1/4¢ per bu.

In corn, the CCC withdrew its offers at Omaha and Kansas City, and this might be the forerunner of another advance in prices on government holdings, although action was said to have been taken for the purpose of checking tonnage. Distillers have been ordered to use some of their facilities for industrial alcohol, but this will probably not add much to the domestic utilization of corn, particularly as less liquor will be produced during the emergency.

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CHICAGO MERCANTILE EX.

CHICAGO January 12, 1942.

Overshadowing other news in the wheat market was the great strength displayed by the Farm Bloc, with relation to the Price Control Bill. It now appears as though maximum prices would be considerably higher than was earlier anticipated, and while there are still political uncertainties, it seems that Secretary Wickard has again definitely asked that agricultural products be left more or less under the control of his Department, as he believes that the food situation will play just as important a role in the war as guns, and that, therefore, it needs special attention. He went further to say that Mr. Henderson had not co-operated with the Agricultural Department in fixing farm prices, particularly those for lard. The implication of all this was that ceilings would probably not be placed on the various grains at anywhere near present levels, and this gave us a very much stronger opening this morning.

There was also a fair milling demand, and apparently hedges were taken out of this market; the same took place at Minneapolis, where opening prices were as much as 3 to 4¢ per bu higher. This type of business is particularly noticeable in quiet markets with offerings so light. Otherwise, there seems to be very little grain news. Severely low temperatures prevailed over most of the winter wheat belt last week, but, fortunately, large areas were well protected with snow, although some districts, notably northwestern Ohio, northern Indiana, and parts of central Illinois, complained of damage. This also occurred in parts of Missouri for the same reason.

It had been considered likely that when prices advanced to a level about 15¢ higher than the loan figure the government might sell some of its holdings, and possibly this is now taking place. However, supplies of red wheat, which had been previously offered in the Southwest, were withdrawn, although this had very little effect marketwise. The trade seems to feel that until either government holdings are sold or heavier redemptions take place, firm markets are likely, and particularly so, as we eat further into the supplies of free wheat, so that with the passing of time this may become accentuated.

Little attention is being paid to world shipments. The picture is still rather incomplete, with Australia not reporting, and nothing being placed afloat by Black sea countries. This naturally leaves North America and the Argentine the chief supply nations, insofar as publicity is concerned. Since July 1st, however, total shipments, exclusive of Australia, have been 160 million bu, which is about 10 million bu more than a year ago, and the excess is coming largely from Canada. This is not surprising as the biggest demand is from Britain, although it was reported today that Spain had agreed to take about 6 1/2 million bu of Argentine wheat, but the other countries of the Continent are pretty well cut off from overseas supply sources.

Primary receipts were heavier at 1,109,000 bu compared with 467,000 bu last week, and 619,000 bu last year. When the visible supply was posted it showed a decrease of 1,831,000 bu, leaving 217 million bu in all positions, or 72 1/2 million bu more than was on hand a year ago. Chicago stocks decreased 230,000 bu, leaving 15 1/2 million bu still here.

Markets gained momentum as the session continued, and this in spite of the fact that the CCC announced that nearly 19 million bu of its holdings had been sold, still leaving 154 million bu under their direct control. At the last, May wheat price showed an advance of 4¢ per bu, while the July future was up 4 1/2¢.

Corn was also reasonably strong, but did not make the same headway as did wheat and rye. The visible supply decreased 800,000 bu, in spite of the fact that some grain is being moved from iron bins to terminal markets, and total stocks at visible supply points show a reduction of 19 million bu from a year ago. Prices for oats were the highest in ten years.

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CHICAGO MERCANTILE EX.

CHICAGO January 13, 1942.

Yesterday's advance in the wheat market came largely from political factors. The trade assumed that if the maximum ceilings would be raised, prices might be attracted to that point as by a magnet, regardless of statistical or other considerations. The fact that we shall end the season on July 1st with almost a sufficient supply to take care of a whole year's domestic consumption has apparently been overlooked entirely, but rather attention is directed to the great strength of the Farm Bloc, which thus far has been able to maneuver prices favorably to the farmers.

The overnight news changed in one important respect, although the flour business was again in evidence, and there were considerable hedges lifted both in the Northwest and here, apparently against further flour sales.

However, Secretary Wickard, after testifying before the Senate Banking and Currency Sub-Committee on January 2nd, apparently has changed his views that the control should be vested with his own Department. He stated today to friends that he no longer wished the veto power for agricultural prices, after having made that plea previously to the Congress. He now declared that he had no knowledge that such a program conflicted with the President's views. This sudden "about-face" brought considerable liquidation of long wheat into the market, together with the announcement from the CCC that, effective at once, Kansas City prices would be reduced on the offerings of government wheat by about 1¢ a bushel, under the domestic sale program. We understand that elsewhere reductions have taken place, and this would indicate that the government is in a selling frame of mind, and, therefore, it would not be at all surprising to see the federal accumulated surpluses further reduced. As we pointed out yesterday, nearly 19 million bu has been put back into commercial channels up to December 31st, leaving them in possession of 154 million bu of wheat, but we do know that there was considerable wheat sold during the past few days. So possibly it is safe to assume that their holdings now stand at about 150 million bu. To this one must add 344 million bu, which is impounded from the 1941 crop, or a total in all positions of about 494 million bu. This is still a huge quantity, but at present price levels, there is always a chance that larger redemptions will occur, and thus, the situation may not be as tight as some had anticipated earlier in the season.

Primary receipts were moderately good at 611,000 bu compared with 573,000 bu last week, and 629,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 120,000 bu.

The market acted very well considering the news had spread around that government-held wheat was being sold. However, the fact that a good milling trade had taken place cushioned the decline, and there was a fair upturn from lowest prices of the day, although at the last the May future showed a decline of 2 5/8¢ per bu, while July was down 2 3/4¢. There seems to be a tendency for wider carrying charges, and this is only natural should we finally have a fair proportion of the carryover in free hands. Sharp breaks do not seem to be indicated, as government holdings will probably only be liquidated at around present levels, and if the market would decline, of course, this source of pressure might dry up almost entirely.

Corn, as well as other cereals, was down in sympathy with wheat, and the fact that there might be some change in the handling of ceilings naturally keeps people somewhat conservative.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO January 14, 1942.

The President was very vehement in his indictment against the
aximum farm ceilings which had recently been discussed, claiming that
uch a price control bill would be the direct road to inflation. It
ow appears very much as though Congress might be forced to abandon
hose extreme measures for letting agricultural prices rise too rapid-
y. Even on the assumption that the articles which farmers purchase
ill be more or less controlled through price ceilings, it is regarded
ikely in some circles that inflationary tendencies cannot be al-
ogether under control and that, therefore, wheat parity prices,
hich now stand at 127.3 may rise as much as 20¢ a bu before another
ear passes. This in itself would mean a higher loan on the govern-
ent's present formula for computing farm aid, as an 85% of parity
oan recently passed Congress is now law for the next five years.

During the past week impounded stocks increased 4 1/2 million
u, with a total of 348 1/2 million bu now frozen from the 1941 crop.
e estimate at the peak that 360 million bu will have been withdrawn
rom the commercial supply, and if this forecast is correct, it
ould amount to 38% of the total crop raised. Last year at the peak,
78 million bu of wheat was impounded, and then we produced 812 mil-
ion bu, so that 34 1/4% of the crop was tied up under the loans.
he increase now is only 3 3/4%, which is not so much considering the
act that in 1940 producers were only given a loan of 81¢ a bu basis
hicago, compared with $1.15 the past season. It gives us an ap-
roximate idea of what may be looked for next year, although naturally
rice at the time of the crop movement will have a great deal to do
ith it, and if July and September wheat are sufficiently high, farmers
ay elect to merchandise more of their grain instead of placing it
nder the loan. Nevertheless, the artificial setup must be considered
rom every angle, so long as we have loans that are higher than the
ctual merit of the grain.

The open interest in wheat increased a little, but is still
t the very low level of 35 million bu. Should the government's
elling of wheat by the CCC continue, we might reasonably expect
urther increases, particularly as the milling demand may drop off,
nd, therefore, whatever purchases are made from government supplies
ay bring new hedges into the market. Recent flour operations have
een on a very large scale, particularly in the Southwest, and ac-
ording to the Northwestern Miller, winter wheat mills sold 137% of
heir capacity the past week, compared with 44% the previous week, and
2% a year ago. In the Northwest, sales aggregated 95% vs 62% and 65%
he corresponding periods as given above.

The weather has turned quite mild and not much moisture has
ccurred recently. Fortunately, most areas had a fair snow covering
uring the recent cold spell, and according to the government Weekly
rop Report only small parts of the winter wheat belt were adversely
fected. At the same time, it should be remembered that acreage
eduction in the Central States has been heavier than elsewhere, and
hese districts have fared worse due to climatic conditions than other
arts of the country; therefore, the territory tributary to Chicago
ay produce considerably less wheat than was the case a year earlier.
his might finally become important in carrying-charge relationships.

Primary receipts were moderate at 549,000 bu compared with
'7,000 bu last week, and 308,000 bu last year. So far this week
ansas City and Minneapolis stocks show a total decrease of 353,000 bu.

The market was rather firm during most of the session, despite
he President's attitude toward farm price ceilings. It is still pos-
ble that the CCC from time to time may raise the price of wheat
hich it is offering for sale. A new announcement is expected to-
orrow for a period of a fortnight, and as we understand it, these
ecisions will be made twice each month. At the last May wheat was up
/8¢ per bu, while the July future advanced 1/4¢.

Corn was fairly firm. The open interest in the May delivery
s larger than that of all wheat contracts together. Apparently
edges are coming into the market against government sales, but on the
ther hand farmers are reluctant to sell their crop at these levels.

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CHICAGO MERCANTILE EX.

CHICAGO January 15, 1942

As we understand it, the CCC announces its selling price for vernment-held wheat every two weeks without any intermittent changes. te yesterday, an increase of 1¢ per bu on minimum sale prices was nounced, so that new offerings will not be made at less than 16¢ ove the 1941 loan level at terminal markets, but 19¢ above the loan te at country locations. In addition to this, premiums and dis- unts that were previously established are still to apply, but the ad- nce has put an end to the rather active business which prevailed for e past four or five days. It is rather difficult to estimate how ch government wheat may have been sold lately, as they are doing siness in every part of the country, and not all of the grain that s been released was hedged. Furthermore, some of the sales were off- t by milling demand, particularly as millers took back wheat which d been under federal control. Therefore, we must now await the time til official figures are given, but in any case it is safe to say at there is more free wheat in circulation than previously, and ssibly the government's total holdings are less than 150 million bu, a reduction of about 25 million bu from the earlier figure. There s also been a small amount of loan wheat redeemed by farmers them- lves, as in many cases the recent advance in the market permitted rowers to pay off obligations and market their grain to a slightly tter advantage, although they are not compelled to clean up their ntracts until the end of April. At that time, if the market is gher, they will undoubtedly take advantage of it-- otherwise, de- ults may take place, the same as in past years.

The boost in selling prices had been somewhat expected, and nsiderable wheat was bought yesterday, some of it probably not hedg- , although it appeared as though hedges might have been placed in e various markets this morning, and this was responsible for some re- tion after higher prices had been registered early in the session.

There is very little news from day to day. Foreign inquiry, ich comes mostly from Britain, is largely for Canadian varieties, t Broomhall is of the opinion that there may be greater activity a ttle later on, as foodstuffs are needed for Russia. Also, he thinks at the United States and Australia might ship to China. Since gust 1st, actual world shipments of wheat and flour to Europe have en 8 million bu larger than last year, while ex-Europe has taken 3 illion bu more. However, whatever little added business has taken ace was mostly to the benefit of Canada, as our own exports have en extremely small, with less than 13 million bu shipped since ly 1st.

This promises to be one of the smallest export years during the ast century. It naturally reflects upon the domestic stocks of wheat verywhere, and we have just seen that there was the largest quantity n storage on farms on January 1st than there ever was, the quantity eing 93 million bu larger than a year ago. With more than 373 million n thus held, it compared with the 10-year average (1931-1940) of only 0 million bu, giving some idea of what there is still to come forward. e quantity remaining on farms represents nearly 40% of the 1941 pro- uction, whereas the percentage a year ago was only 34.6%. The aver- ge percentage at this time of the year is 29.4%. Of course, some of his wheat may be under loan, as farmers who have storage facilities re taking advantage of the government's liberal policy; therefore, eeping as much of the crop as is possible right at home where it has een raised. Most of the increase in farm stocks over a year ago has aken place in the Dakotas, Montana, and Kansas.

Primary receipts amounted to 545,000 bu compared with 396,000 n last week, and 342,000 bu last year. Kansas City and Minneapolis heat stocks so far this week show a total decrease of 426,000 bu.

Trade on the whole was dull; however, there was never much weak- ess, and this is to be expected so long as large quantities have been emoved from commercial sources.

Corn was practically steady, but likewise, is a very artificial ituation. On January 1st, there was more than 2 billion bu of corn n farms, which was the highest in 16 years; the 10-year average for anuary 1st corn stocks is only 1,448 million bu. The main thing, how- ver, is that while the government is liquidating its holdings, far- ers are putting fresh supplies into the present year's loan.

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CHICAGO MERCANTILE EX.

CHICAGO January 16, 1942

Late yesterday, the Department of Agriculture called upon far-
rs of the country to produce foods as never before in order to meet
r demands. This means that we shall have new and expanded produc-
on during 1942, and it has particular reference to hogs, corn for
vestock, oil-bearing crops, rice, eggs, dry beans, and vegetable
ops for canning. It is apparently felt that supplies of wheat and
tton are sufficient, and no provision has been made for increased
reage for the latter crops. Of course, the winter wheat has al-
ady been sown, and with the ground frozen, it would be too late for
ditional plantings. Should anything happen to materially lower the
ospects during the winter, naturally, the government could relax
s restrictions for spring wheat farmers later on, but this is cer-
inly not the intent at this time. The corn acreage will be raised
om 90 million acres to 95 million acres next season, and with so
ch hybrid seed used, we might, under normal conditions, have very
od returns on such an increased acreage. The government has also
dicated that it will help support soybean prices on basis of $1.60
the farm, which would mean about $1.75 at Chicago, and this was ac-
pted in a rather bullish vein, although it may possibly necessitate
e raising of ceilings later on for oils, fats, etc., including
ybean oil.

The wheat picture does not change much with the passing of time.
rmal consumption makes the usual inroads upon the accumulations,
t this has already been provided for in the statistical allowance
r 670 million bu of wheat that will be needed for domestic utiliza-
on. Possibly some additions will alter this figure if the govern-
nt arranges later on to release government-owned wheat for feeding
rposes, although as we understand it, this would only be done at
ices comparable with corn.

During the first twenty-eight weeks of the crop season, 12 3/4
llion bu of wheat and flour has been placed afloat, which leads us
the conclusion that, after allowing for normal domestic disappear-
ce, we still have 650 million bu available for export or next
rryover. Canada also has very large reserves, even though she has
eared 30 million bu more than a year ago, since the start of her
op season on August 1st. On the revised figure of domestic con-
mption, which takes into account 15 million bu more than in 1941,
ere is still 554 million bu remaining in that country for export
d next carryover.

Little is heard of Southern Hemisphere, and this situation was
be expected owing to the war. The Argentina is only shipping
out 1 1/2 million bu a week at a period when ordinarily peak exports
ke place. There is at the present time about 212 million bu availa-
e but European demand is greatly reduced owing to shipping diffi-
lties and the length of haul. In Australia, additional elevator
d temporary farm storage is sought, as this is only a small country
nsuming about 55 million bu annually at home, and, of course, with
e loss of her Far Eastern markets, which generally took about 50%
the surplus, the export outlet has been dimmed. Probably her trade
wheat will be limited to such cargoes as can safely be convoyed to
e Middle East. Total supplies, including the crop and old carryover,
e around 183 million bu, but from this amount must be deducted seed,
ed, and domestic requirements.

Primary receipts were fairly good at 615,000 bu compared with
0,000 bu last week, and 368,000 bu last year. Kansas City and Minne-
olis stocks so far this week show a total decrease of 502,000 bu.
en the visible supply is posted on Monday, it will compare with a
crease last year of 2,596,000 bu.

Trade was rather quiet again, and with so many uncertainties
om Washington, it could hardly be expected that there would be much
gressive buying or selling. At the last May wheat was unchanged,
ile the July was 1/8¢ lower.

Corn was barely steady. The government continues to sell its
ldings at the various markets, thus taking care of the immediate
mmercial requirements. Large primary receipts very likely represent
ifting of stocks from iron bins to the various markets. Therefore,
ese statistics do not necessarily mean much. The farmer is selling
ry sparingly.

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CHICAGO MERCANTILE EX.

CHICAGO January 19, 1942.

During every war food becomes almost as important as ammunition.
ing such a necessary item, those who are in control must think al-
ys in terms of immediate needs without regard for the secondary con-
quences. We are all well aware of what happened during the first
rld War, when a minimum wheat price of about $2.20 was established
order to encourage farmers to raise enough food for the allies.
e consequence, however, was that production was so stimulated in
untries like Canada, Argentina, and Australia, with new acreages
ing opened up, that we have never fully recovered from the effects.
ile undoubtedly the same errors will not be committed in wheat, it
pears very much as though a multitude of other articles would under-
the same treatment, principally fats and oils, which are now scarce
ing to the situation in the Far East. This is the reason why ceil-
g prices, and even rationing, are being considered in order to con-
ol the situation more effectively than in the past; but at best,
mestic fats, and the whole oil industry, will get a big boost from
e war, which is likely to carry over into peacetime. Furthermore,
oduction in South America will be stimulated, but apparently, there
no escape.

Grain news was rather scarce over the week-end, but with the
rket at present levels, government holdings are not being sold;
erefore, new pressure upon the market is extremely light. The CCC
nounced through its Washington office that it would offer approx-
ately 100 million bu of wheat for feed to livestock and dairy pro-
cers, and this offer was in line with the Department's production
als in relation to feeding operations, but also, the disposal of
ch a huge stock would provide more storage space for other grains.
is difficult for us to reconcile a move on their part that might
crifice two-thirds of the present government-held wheat, when ac-
ally there is no general shortage of corn. There are, of course,
olated districts where feed grains are not available, but certainly
t enough of them to take care of 100 million bu of wheat. We fur-
er point out that if the prices at which these sales were made were
w enough to entail a real sacrifice, the farmers themselves would
ffer, as they still have a stake in the ultimate price obtained
rough the final liquidation of the frozen wheat. In other words,
e better prices that the government receives will go as a final dis-
ibution to the co-operating farmers in the AAA program. Finally,
believe that there is enough good quality and high protein wheat in
e hands of the government that it would be extremely wasteful, there-
re, to utilize it for animal feed.

Primary receipts were large today at 1,270,000 bu compared with
109,000 bu last week, and 453,000 bu last year. When the visible
pply was posted it showed a decrease of 2,260,000 bu, still leaving
4 3/4 million bu of wheat in all positions, which is extremely large
nsidering that the open interest in all wheat futures is less than
million bu. The visible supply at the present time is nearly
million bu larger than it was a year ago. At Chicago, there was a
rinkage of 233,000 bu, which leaves 15 1/4 million bu locally held.

While there was no particular trading incentive, it was ap-
rent that redemptions were a little larger all along the line, and
ssibly farmers are more inclined to sell owing to the fact that
vernment wheat will be offered at a few cents above prevailing levels.
Minneapolis there were 354 cars received today, with the spot basis
out 1¢ lower. Undoubtedly some of the recent purchases were not
dged, and the trade was friendly to the market on the theory that
vernment operations were bullish. If this is correct, the removal of
dges will not take place later on, but this is to be expected when
have such an abnormally low open interest. At the last, May wheat
3/8¢ per bu lower, while the July future declined 1/2¢.

Corn was a shade easier, receipts here were larger, and some of
government corn recently sold to industries is apparently arriv-
. The primary movement was nearly four times as large as last year.
the other hand, the visible shows 20 million bu less than in 1941.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO January 20, 1942.

In ordinary times, any evidence of excessive wheat supplies s almost immediately reflected in the price level, but certainly this s not the case at present, with July wheat selling above the level of $1.32, whereas last year same date the price was around 80¢ a bu, r practically 52¢ less. Burdensome wheat surpluses, however, are y no means new in this country, as we had them first under the Farm Board, and the aftermath of that experiment might have been very costly had it not been for the four drought years which followed. Starting in 1933, the effects of the drought were first felt, and that year we raised only 551 million bu; the following year, 526 million bu; in 1935, total wheat production was 626 million bu, followed y the same size crop in 1936. Thus, in those four years we raised a smaller quantity each season than was necessary for our domestic requirements, so that the surpluses were brought back again to normal proportions. Owing to the fact, however, that we have only had seven major droughts during the past fifty years, one can hardly expect a repetition of what happened nine years ago, although we must dmit that, temporarily at least, the governmental machinery in xistence may to come degree protect farmers. In fact, it is already loing so, insofar as his income is concerned, in stabilizing prices hrough the means of a very high loan. Of course, acreage control is lso being practiced, although at the present time, with less than 40 illion acres sown to winter wheat, it looks as though we might raise a larger crop next summer than the average, and the farmer at the resent time is utilizing his best land.

Ordinarily, the best method of reducing surpluses is through xports, but this seems rather difficult at the present time, with he small European demand, and even the purchases of wheat and wheat roducts last year by the SMA for shipment abroad by the Red Cross mounted to only a little over 2 million bu in terms of wheat equivaent. Moreover, the same agency purchased for direct relief distriution in the United States only about 3 1/2 million bu of wheat, ith the result that our domestic consumption was about normal.

At the present time, the CCC is figuring on a new plan for educing surpluses: namely, to sell about 100 million bu of pooled heat for feeding purposes, although the program is still rather ague. First of all, dairy cows and cattle will not consume cracked heat, although it is an excellent hog feed, but small pigs require horts, and when the weather is permissible they graze out of doors, o that there is no guarantee of being able to get such a huge quanity of wheat into feed consumption. In ordinary times only that heat which is unfit for milling is widely distributed into poultry hannels, except possibly where it is fed on the farms right where it s raised, and where the importing of other feeds would be more exensive. Having just raised a large corn crop, and with other farm eeds plentiful, there is considerable doubt as to the outcome of this ost recently announced plan.

Primary receipts were again large, at 1,222,000 bu compared ith 611,000 bu last week, and 549,000 bu last year. Kansas City and inneapolis stocks so far this week show a net decrease of 45,000 bu. enerally speaking receipts have been better during recent days; in inneapolis there were 534 cars of wheat in today, and commission men ay that country advices are also heavy, which augurs well, as receipts might be fairly heavy for the next week or two at least. Quite little of the wheat now arriving comes from Montana, although it ill apply on sale. As a result the Minneapolis spot market was down ¢ all along the line.

Trade was rather dull, although the market recovered fairly ell from the early break, last prices being 1/8¢ per bu higher.

Corn was weak at times, but received fair support, and while here is undoubtedly a fair amount of hedging coming into the pit his is being absorbed without any sacrifices.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO January 21, 1942.

There was very little grain news overnight except for the fact
at before our market opened the CCC announced that its offering
ices for cash corn were advanced 1¢ a bu in all positions. Their
ogram with respect to this commodity has apparently worked out sat-
factorily, and every few weeks prices have gradually been stepped up
thout interfering with consumption. Therefore, government holdings
ve been gradually reduced, and if we can count on 60 million bu,
ich may be reserved for the production of commercial alcohol, the
ounts that they still have on hand have been reduced to comparative-
small quantities.

The trade has in mind that possibly the same pattern will be
llowed in wheat, except that prices are only to be announced every
rtnight instead of at irregular dates, but that, nevertheless, higher
ther than lower prices will be announced from time to time. They
so figure that as we gradually eat more and more into the supplies
free wheat, the CCC may be able to obtain their asking price un-
ss redemptions in the meantime should pick up materially. This
ychology is a little bullish, and with higher prices for corn and
ts, the leading cereal also responded with a degree of firmness.

There is still some discussion as to the plan recently pro-
sed by the Department of Agriculture for the offering of approxi-
tely 100 million bu of wheat for feed. In this connection, it is
fe to say that in an average year, when our total domestic consump-
on amounts to a quantity ranging from 670 to 700 million bu, about
0 million bu is needed for human consumption. An additional 75 mil-
on bu, or thereabouts, is required for seed, varying somewhat with
e acreage, but on an average about 1 1/4 bu per acre is needed.
nsequently, it leaves about 100 million bu, which is either fed to
imals or is wasted in one form or another or used on the farm.
ready six months of the crop-year has passed; therefore, we believe
at the government's intention of selling 100 million bu for feed
rposes is a little too extravagant. Naturally, if the price were
eatly sacrificed, this might be accomplished, or if the corn crop
d been a failure, it might also have been more feasible. In 1931,
ere was about 174 million bu of wheat fed to animals, but that was
rather unusual situation, as in the past eighteen years, there have
en only six occasions when the feeding amounted to more than 100
llion bu, and in many cases, it was considerably less. As a matter
fact, in 1925 wheat feeding to animals amounted to only 28 million bu.

There have been no weather complaints of late, although re-
nt high temperatures brought about a rapid melting of snow over most
the winter wheat belt. There may have been some unfavorable heav-
g in sections, but the general condition of the crop is still good.
doubtedly snowfall before the next cold spell would be desirable.

Flour business is now being conducted on a smaller scale, but
cent sales have been large enough to offset heavier receipts at
rminals, and there seems to be no important pressure in the pit. Ac-
rding to the Northwestern Miller, spring wheat mills reported sales
st week of 175% of capacity, compared with 95% the previous week,
d only 35% a year ago, while in the Southwest, business was at 178%
capacity vs. 137% the previous week, and 41% a year ago.

Primary receipts were lighter at 760,000 bu compared with
,000 bu last week, and 278,000 bu last year. Kansas City and
nneapolis stocks so far this week show a total decrease of 169,000 bu.

Markets were all firm, and wheat derived a good deal of its
rength from the sharp advance in soybeans, corn, etc. Moreover, the
en interest is so small that there is not much selling by longs, even
advances, and with the various governmental activities, few, if any,
e taking to the short side. Final prices were about 3/4¢ per bu
gher.

The gain in corn was largely due to the CCC action, advancing
eir asking price for the cash article. This stimulated some local
ying, and on the advance elevator interests hedged moderately, but
is selling was easily absorbed.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO January 22, 1942.

There was more statistical news for the grain trade today than
some time, but none of it showed important changes. The Canadian
vernment gave out its third estimate of the 1941 wheat crop, plac-
g production at 299 1/2 million bu, which was a reduction of about
million bu from the previous estimate, but this was more than off-
t by an official crop report from the Argentine, where the govern-
nt has now forecast total yields for that country at 227 million bu,
ich is 7 million bu more than the first estimate. While their crop
something like 72 million bu less than the previous one, it is more
an offset by the carryover reserve of 120 million bu, which com-
res with only 11 million bu the year earlier. Thus, Argentina
arted off with total supplies of 347 million bu, while home needs
ll probably not exceed 110 million bu, leaving the surplus at 237
llion bu. With the European demand almost negligible, it is a ques-
on as to how this grain may best be carried until there is peace.

This became all the more important this morning, with an
nouncement from Washington that a sweeping new plan was being con-
dered by Western Hemisphere countries, which might eliminate tariff
rriers. It naturally caused considerable comment. For many months
e Farm Bloc in our country has shown great strength, and nobody
lieves that any contemplated government program will seriously de-
ate agricultural prices. Nevertheless, Argentina, which previously
d not wish to break with the Axis countries, must have had a change
heart overnight, and just what concessions might have been promised
the United States government are not yet publicly known. Until
e situation is further clarified, the trade will undoubtedly remain
rvous.

We have at the present time a prohibition against wheat im-
rts into this country, with only about 800,000 bu being permitted
enter, even with the duty of 42¢ a bu. Should there be a sus-
nsion for the duration of the war of all tariffs in order to bring
out greater collaboration among North and South American countries,
might permit wheat, corn, and cotton imports to the United States,
ere otherwise the demand for these products is only spasmodic.
us, we have a new and most important factor to think about, although
just stated, there may have been sufficient provision to protect
r farmers when this new program was undertaken.

First prices for wheat were slightly lower, despite the fact
at wheat loans during the week increased about 2 3/4 million bu.
ere is now a total of 351 million bu impounded from the 1941 crop,
ese statistics being compiled as of January 10th. The winter wheat
rmer no longer has the privilege of obtaining a loan on this year's
op, although some additions may still appear, as there is a lag in
tting all the figures assembled. In the spring wheat territories,
rmers have until the end of this month to avail themselves of the
ns, but we doubt whether our earlier total estimate of 360 million
will be exceeded.

The situation in oils and fats still is very sound owing to
e decreased imports from the Far East, and the Secretary of Agricul-
re will now personally appeal to our farmers for sharper increases
plantings of oil-bearing crops this spring. This may finally stave
consumer rationing of cooking fats, oils, butter, soap, etc. Soy-
ns and lard have been very strong recently, influencing the grain
kets generally.

Primary receipts were fairly good at 634,000 bu compared
h 545,000 bu last week, and 383,000 bu last year.

With the great strength in beans and rye wheat also recovered
m early fractional declines, closing 1/8¢ per bu higher.

Corn was quite buoyant. The demand keeps up, and bookings
m the country are small, with farmers apparently not selling any
reciable quantities. There seems to be a rather bullish feeling
the trade on the theory that feeding operations will be tremendous,
that some additional uses will be found for this cereal, as com-
rcial alcohol requirements for war increase. This apparently is also
mulating to some extent trade in rye.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO January 23, 1942.

There seems to be complete agreement on a compromise Price
ontrol Bill, and under its terms the farmers will be granted a ceil-
ng price amounting to 110% of parity. Furthermore, the administra-
ion's followers surrendered to the Farm Bloc and adopted the Bank-
ead amendment, which gives Secretary Wickard veto power over farm
rices fixed by the Price Administrator. The latter had been fought
ack and forth for a considerable period of time, and nobody could
e sure of the outcome, but now that this issue has been settled, it
ill undoubtedly be more favorable to producers than if Mr. Henderson
ere granted complete power of regulation. The 110% feature was
bout as expected, but it might be well to state that the farmer is
iven an additional advantage of being permitted to have parity fixed
n the average price level of 1919-29, should this prove more advan-
ageous. However, as we have explored the field, we find that in all
rains it is to the advantage of the farmers to use the 110% of parity
or ceiling calculations, as the following table will show:

	Parity (on farm)	110%	Aver. 1919-29
Wheat	127.3	140	133
Corn	92.4	102	89
Oats	57.5	63	47
Barley	89.1	98	69
Rye	103.7	114	95
Cotton	17.86	19.64	21
Cottonseed	32.40	35.64	34.44
Hogs	10.40	11.45	9.77

t will be seen from the above that only cotton would fare better
nder the alternative ruling.

We further stress the point that while these are minimum
iling prices, there is no guarantee that they must be reached, but
n any event, it gives greater latitude. The trade accepted this in
bullish vein, with the result that all prices were considerably
igher. Corn was exceptionally strong, as the CCC temporarily with-
rew offerings at Omaha, St. Joseph, Kansas City, and St. Louis.
o general change in the asking prices elsewhere was announced, and
e believe that the measure was adopted more with the idea of taking
tock of inventory. Other factors and general statistics were pretty
uch ignored, but this is quite reasonable owing to the fact that the
rtificial influences are paramount.

We have now examined the loan figures for the week in detail.
hanges were relatively unimportant in most States. Of the total
ncrease of 2 3/4 million bu, 1 1/4 million bu was added to the frozen
upply in North Dakota, which state has by far the largest amount of
mpounded wheat, insofar as the Northwest is concerned. As of
anuary 10th, there is more than 60 million bu tied up in North Dakota,
early 33 million bu in Montana, a little over 7 million bu in Minn-
sota, and not quite 20 million bu in South Dakota. Should the price
dvance sufficiently between now and April 30th, of course, a fair
roportion of this grain might be returned to commercial channels.

Up to the present time, the United States has exported less
han 13 million bu of wheat during a period of twenty-nine weeks,
his leaves, roughly, 650 million bu for the carryover or to be ex-
orted, while in Canada, total clearances since August 1st have amount-
l to 93 million bu, which is an increase of 33 million bu over the
revious season. They have a stock on hand of 546 million bu
presenting surplus --a reduction of about 119 million bu from 1941.
is interesting to note that one authority estimates that of the
orld shipments last year, which were largely to Great Britain, be-
een 7 and 9% of these exports was probably sunk enroute through
emy action. This would compare with about 10% during the first
rld War.

Primaries of over 1 million bu were more than twice as large
last year, and compare with 615,000 bu last week. Kansas City and
nneapolis stocks so far this week decreased 277,000 bu. When the
sible supply is posted on Monday, it will compare with a decrease
st year of 1,760,000 bu.

Trade was a little better; wheat lagged compared to other
reals, closing 5/8¢ per bu higher.

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CHICAGO MERCANTILE EX.

CHICAGO January 26, 1942.

Probably never before in history have we had such heavy wheat
pplies on hand at this season of the year. This, of course, is very
portant during war time, and Secretary Wickard has repeatedly
ated that foods and munitions are of equal importance in the de-
nse program. "Food will win the war and write the peace," according
the words from his pen, and everything is being done to build up
fficient reserves in this country during the period of hostilities.

The trade is chiefly concerned with the new Price Control
ll, and its interpretation, and it is quite likely that this will
come law sometime during the coming week, granting tremendous
wers to the Price Administrator, even to the extent of being per-
tted to buy or sell commodities to keep prices in line. Also, a
od deal of power will go to the Secretary of Agriculture, and in
is connection nobody seems to know just what policy will be pursued
th relation to the surplus stocks that have been built up through
faulted loans or through price-supporting buying operations. One
oup in Washington is of the opinion that there will be no re-
raint upon liquidating these commodities even if the bill is passed,
t others feel that the Farm Bloc is very strong and that under the
esent bill they may have a proposition prohibiting the sale of corn
d wheat holdings, even though this may be accomplished on an ad-
ncing market.

It is difficult at this time to forecast the outcome, but
do know that in the meantime the CCC has been selling a very large
antity of wheat. During the week ending January 17th, their sales
ounted to 11 1/2 million bu, leaving a balance of less than 140
llion bu on hand. It is our estimate that since that time, possibly
additional 8 to 10 million bu has been liquidated, so that there
more free wheat coming into trade channels right along. Also at-
ntion should be called to the fact that last year's loan level was
.15 in Chicago, and with all the accumulated charges, this wheat
uld probably be redeemed for $1.25; wheat in various other posi-
ons at somewhat the same relative differences. Therefore, as we
aw nearer the period when either redemptions must take place or de-
ults occur, we would rather imagine that very substantial quantities
wheat would come back on the market. This may prevent rapid advanc-
from the present level. Furthermore, one has to look further ahead.
ould the parity price of wheat be about the same next May as at
esent, or 127.4, the farmer could borrow 85% of that amount for his
eat on the farm or 109. If we add to this price the various charges
cessary for bringing wheat to Chicago, or 17¢ a bu, it would make
e loan in this market 126. September wheat presently is selling
bout 10¢ a bu higher; therefore, on the 1942 crop much less grain
ght go into the loan than during the current season.

It does seem somewhat of a paradox that while we are talking
providing food for freedom without waste of land, labor, or
chinery, farmers will be disqualified from receiving AAA benefits
they harvest "volunteer" wheat next summer. A spokesman for the
partment explained that 1941 was peculiarly suitable to the growth
"volunteer" wheat, which without cultivation from seeds has fallen
nearly 2 million acres in Kansas alone. It seems almost sinful
at this land must be plowed up at a time when food is said to be of
ual importance with munitions.

Primary receipts were again large at 1,436,000 bu compared
th 1,270,000 bu last week, and only 405,000 bu last year. The
sible supply decreased 1,866,000 bu, leaving stocks in all positions
million bu. This is about 72 3/4 million bu more than was on hand
ear ago. Chicago stocks decreased 116,000 bu, still leaving over
million bu here.

There was considerable impetus on the long side of beans and
e, with new highs established for the season. This, together with
eat corn strength, gave the wheat market a firm undertone, final
ices showing an advance of 1/4¢ per bu. Trade, however, was small
comparison to what was taking place in other futures.

The CCC announced a new offering schedule for its corn hold-
gs; #2 yellow corn remains unchanged for February shipment, but has
anced 1¢ per bu for March shipment. Buyers, however, must assume
advance in freights that may be made. This was a rather strength-
ng influence, particularly as federal supplies are being greatly
luced.

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CHICAGO MERCANTILE EX.

January 27, 1942.

There are still a great many inconsistencies in the farm pro-
m, and this is easily understandable, so long as the human element
ers into the picture and we have politics. When the loan policy
originally formulated, the idea of its framers was to tide farmers
r during periods of stress. In some instances, the loan was con-
lerably higher than the current market, but the purpose was to per-
producers to carry their grain until a more suitable price was
ched. In this way, some of the early hedging sales did not depress
ues, so that by more equal distribution prices gradually crept up
il consumption was more equal to the supply. We doubt whether it
ever the intention to permanently lock up the defaulted wheat, be-
se on many occasions it was stressed that whenever the government
ld get out without taking losses, it would probably do so, and cer-
nly it was never the plan that our government should be compelled
speculate with tax-payers' money unnecessarily. It is, therefore,
e than likely that any sane view will encourage the sale of the
0 defaulted wheat at about present levels, particularly since the
mer has been properly serviced, and there is no need for abetting
lationary tendencies. With defense requirements emphasized and non-
ense requirements scaled, Secretary Wickard has stated that the
put of the farms cannot grow too big. He feels that production
l not be excessive even after the defense emergency has passed, if
keep crop adjustment flexible and hold crops in proper balance
ough skillful advance planning.

During the past few sessions there has been a very considerable
ntity of both wheat and corn sold by the government to elevators and
ustry; consequently, cash demand has become somewhat quiet. Natural-
processors who have been able to get their supplies from the CCC
not buying much through other channels, and for the time being
ces may be on debatable ground, particularly as there has been a
d deal of hedging that had to be absorbed. The open interest in
at has climbed to 37 million bu, and the technical position of the
ket is in no way dangerous, but we can foresee a situation where
ough gradual redemptions of the 1941 crop, speculators may have to
orb a much heavier load. There seems to be a little wheat redeemed
h day, and while this has been relatively unimportant, we figure that
volume will increase considerably between now and April 30th, when
farmer has to think of either paying off his federal obligation, or
e defaulting. In corn, the situation is a little different, as feed-
operations are being carried on extensively, and furthermore, not
n free corn is coming on the market, which means that there is a
rly good demand for CCC offerings, although temporarily new buyers
n somewhat hesitant.

Primary receipts were fairly good at 936,000 bu compared with
22,000 bu last week, and only 431,000 bu last year. Kansas City
Minneapolis stocks so far this week show a net decrease of 8,000 bu.

Shortly after the opening, all wheat futures went into new high
and for the season, but at that point encountered some selling, and
ubtedly also some hedging with the result that reactions took place,
l quotations showing a decline of 1/4¢ a bu for the May future,
e July wheat declined 3/8¢.

During the week only about one million bu of wheat went into the
n, indicating that we have practically reached the peak of accumula-
ns, and from now on we would be rather inclined to look for redemp-
ns, particularly if the present price level is maintained.

Corn was also very strong in the early trade, but this market
wise was called upon to absorb heavy hedgingsales, with the result
final prices were a shade lower. Trade if anything, was a little
ler, although we note that yesterday there were 13 1/2 million bu
sacted in corn compared to only 8 1/2 million bu in wheat, which is
e an unusual situation.

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CHICAGO MERCANTILE EX.

January 28, 1942.

The most important overnight news was Secretary Wickard's de-
ouncement of recent speculative transactions in corn, claiming that
ese were unjustifiable. He declared that the Department of Agri-
lture would use every means at its disposal to maintain reasonable
ed prices for livestock, dairy, and poultry producers. He also
ated that the price of futures recently had been exceeding cash
ices, indicating unusual speculative interest, and that there was
idence that corn was moving out of the ever-normal granary for
eculative purposes. This, however, is not the picture as we see it,
ecause both elevators and processors have been good buyers recently.
e latter, of course, needed the corn for the manufacture of starch,
ucose, etc., while the elevators in practically all cases hedged
eir purchases; thus, they were eliminating the speculative risk
ther than incurring it.

We do not agree altogether with the statement that the advance
s entirely speculative; otherwise, it would have thrown out of gear
e relationship between feeds and animals, and this has not actually
en the case, as hog prices are selling very high. As a matter of
ct, the Department of Agriculture is intent upon promoting domestic
eding operations, and has already embarked upon a plan to purchase
g and lard products in sufficient quantity to maintain prices around
e $9 level; as a result prices are much higher. This naturally
s been so stimulating that it has required extra feeding. The very
ct that the movement from the country did not increase heavily with
e recent advance in futures would almost tend to indicate that the
rmer was not being overpaid and that the price level here in
icago must have been justified under conditions of the agricultural
ogram. Another point to consider is that the corn parity price
92.4 on the farm, which would make the Chicago delivered price well
ove $1.00. Secretary Wickard by his own words has stated, "Let
be satisfied with parity." He threatened that if prices rose sub-
antially above parity, we would have to accept ceilings and ration-
g, but certainly there is no danger at the present level. He has
edged himself to make every effort to attain a so-called parity
vel which he regards in the best interests of the farmer.

In any event, there was considerable liquidation this morning,
d this became rather general. It invaded the rye pit also, where
ere has been extreme activity during recent sessions, and there is
w a report that possibly a cargo of Argentine rye is destined to
me to this country. Also soybeans broke sharply at one time; and
tton also.

Senate action on the Price Control Bill was favorable, and it
w requires only the President's signature to become law. While
ere is no provision made for Mr. Henderson to buy or sell domestic
rm commodities below the levels fixed in the bill, there is at least
prohibition against the CCC selling its holdings of wheat, corn,
tton, etc. at prices below minimum ceilings. This may also have
d a slightly bearish influence upon wheat prices in various markets,
though the government selling was greatly reduced today, owing to
e decline; likewise, the country selling was on a much smaller
ale. So if we should have further downward reactions new pressure
ght become extremely light.

Primary receipts were slightly more moderate today at 730,000
compared with 760,000 bu last week, but only 282,000 bu last year.
far this week Kansas City and Minneapolis stocks show a net de-
ease of 8,000 bu.

While there were some recoveries from the low point of the day,
e various pits were unsettled. Most people still figure that
ricultural prices will not be terribly depressed by any action from
shington, but it is well known that inflationary curbs may be used,
d there is more caution being exercised now than in some time.
nal prices were about 2 1/2¢ per bu lower.

Corn, as well as other cereals, was subjected to liquidating
les, and it may take a little time now before confidence is restored.

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CHICAGO MERCANTILE EX.

January 29, 1942.

The trade still had in mind Secretary Wickard's pronouncements
yesterday. It is apparently the intention of the Agricultural
partment to make available feeds in such quantities that feeding
erations will remain attractive. In carrying out the defense aims,
ere is certainly every reason to feel that this should be done,
rticularly as our allies also will need a tremendous amount of help
om us. However, we wonder if the smaller farmers have not been
erlooked in this program. There must be a great number of producers
o raise corn, which is ordinarily sold, and, of course, all the
rmers in the country are not feeders. Approximately 200 million bu
corn is needed every year for commercial purposes alone. This may
em relatively small on basis of a 2 1/2 billion bu corn crop, but
ter all, it is a big item by itself, especially when we consider
at only about 500 million bu of wheat is used for human purposes
the manufacture of bread, flour, cereals, etc. We furthermore
lieve that when the farm program was begun, it was also the intent
take care of those corn farmers who wanted to sell their product
the market. As a matter of fact, provision was made for this in
e Price Control Bill which was just passed by both House and Senate.
e of the chief clauses restrained the Price Administrator from fixing
ximum prices on agricultural commodities below 110% of parity. We
ubt whether anybody considered it likely that the Secretary of
riculture would go contrary to the trend in attempting to place a
iling of 85% of parity on that portion of the corn which was sold by
e farmer for industrial use, and possibly the powerful Farm Bloc
y have something to say when they learn of this action.

It is also interesting to note that the CCC has been rather
lpful in raising the price level. The farm loan on 1940 corn was 61¢
bu, and after a considerable quantity was defaulted, the government
arted liquidating its holdings at about 73¢ basis Chicago, and
adually raised its ideas until now they are offering corn on basis
84¢ Chicago, with the proviso that if freight rates advance prices
ll be further increased. In the announcement recently made, they
ld us that if necessary to keep corn prices down, the CCC would make
ailable the 500 million bu of impounded wheat from the past two
ars at a price of about 90¢ a bu. This would mean a sacrifice of
me 40¢ a bu, and would also hurt those farmers who share in any ad-
tional price that is obtained by the government over the value at
ich grain is defaulted. Until matters are clarified, we expect that
e trade may be somewhat hesitant. There was a slightly better
eling today, particularly as government sales of both wheat and
rn have practically come to a halt.

Primary receipts were large at 1,037,000 bu compared to
,000 bu last week, and 401,000 bu last year. Kansas City and
nneapolis stocks so far this week show a net decrease of just 73,000
shels.

Trade was on a much smaller scale than yesterday, and we be-
eve that redemptions have been extremely light since the market has
clined; also the government's holdings are not nearly so attractive
these levels, and in saying this we refer both to wheat and to corn.
spite the fact that we are hardly doing any export business, it is
rfectly amazing that Canada, and even the Argentine, continue with
uninterrupted flow of wheat and flour into United Kingdom ports,
us maintaining British reserves. Washington claims that with the
ception of the British Isles acreages in Europe have fallen short of
pectations; also there have been labor shortages, in addition to
verse weather, so that next year's crops may be considerably smaller.
German occupied Russia, fall seeding operations naturally were re-
ced considerably. Therefore, nobody can say yet what the demand
l be next season.

Corn and beans had a rather substantial rally, considering the
rvous feeling which prevailed after the close yesterday. This, how-
r, had very little influence upon wheat prices, although, as stated
ore, there was no particular pressure from any source. At the
t, the wheat market was 1/8¢ per bu higher.

Rye is losing some of its friends, despite relative cheapness
wheat. It is doubtful whether either exports or domestic consump-
n will come up to previous expectations.

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CHICAGO MERCANTILE EX.

January 30, 1942

According to news dispatches this morning, it may be that Secre-
ry Wickard was misquoted last Wednesday when a report was current
at corn prices would be stabilized at 85% of parity. It is definite-
a fact that he cast aspersion upon speculators who, in his opinion,
d advanced prices unjustifiably. He declared that in view of the
cord supplies of feed grains that were now available in this country,
d the prospective corn carryover of more than 600 million bu next
ll, there was no justification for recent price advances in the mar-
t. In any event, there was considerable agitation in Washington,
th some Senators charging that the Secretary of Agriculture had vio-
ted the spirit of the price control bill; they called attention to
e fact that under its terms, agricultural prices would be permitted
advance to a level of 110% of parity, or else, to the 1919-29 aver-
e price level, but those Senators contended that nobody had authori-
to place ceilings at a lower level.

It is, of course, extremely difficult to satisfy everyone. The
ice control bill is now the law of the land, with the President's
gnature affixed thereto, but the Chief Executive stated that if the
eration of the new bill is unsatisfactory, he would ask Congress to
end it, although on the whole he found it satisfactory. He pointed
t, however, that the farm price provisions are not so good, the
incipal objection being aimed at that part of the new law which pre-
nted farm price ceilings at any level below 110% of parity. While
s administration has been seeking parity for farmers for the past
ght years, he claimed that the 110% provision was a violation of
at objective, and he would have preferred if prices could have been
intained more or less at an average of parity.

In this same connection, it is interesting to note that parity
ices for January 15th were announced late yesterday. On wheat, they
re increased to 129.1, almost 2¢ from the month previous. This re-
esents an increase of 16¢ over parity price just one year ago, and
indicative of how a spiral inflation may take place even under a
mi-controlled economic system. In other words, with agricultural
ices rising, the cost of living goes up, and as the cost of living
vances, the farmers' parity is again increased. Thus, it is a vi-
ous circle, and we believe that as time goes on, more cognizance will
taken of this situation. Next year's loan price, if the present
ogram is continued, will be based on the May 15th parity level, which
all probability will be still higher than the present one. There-
re, it is altogether likely that large quantities of wheat and other
mmodities will again become impounded, thus keeping markets artifi-
al for a long time to come.

From a statistical point of view, there are very few changes. In
irty weeks, our total wheat and flour exports have added to only
ightly over 13 million bu, although Canada has cleared more than 98
llion bu since August 1st, representing an increase of 33 million bu
er the previous season, and at the moment, there is 541 million bu
ill on hand either for export or next carryover, a reduction of
out 109 million bu from 1941. In the United States we still have
ose to 650 million bu in the surplus, but the Department now figures
at total domestic utilization may be increased to 700 million bu,
ing to the government's plan of offering wheat for feeding purposes
a very cheap basis. This might reduce somewhat the carryover next
ly, but it can hardly fail to be more than twice as great as the
erage for the past ten years.

Primary receipts were 917,000 bu vs. 1,007,000 bu last week, and
6,000 bu last year. Kansas City and Minneapolis stocks so far this
ek show a net decrease of 130,000 bu. When the visible supply is
sted on Monday, it will compare with a shrinkage last year of 1 1/2
llion bu.

Trade was of rather small proportions; early gains were not main-
ined, and at the last wheat prices were just a fraction higher.

There seems to be more confidence in corn, and feeding operations
ntinue on a heavy scale.

UHLMANN GRAIN CO.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO February 2, 1942.

Much confusion existed during the period preceding the passage f the Price Control Bill. It was hoped by those who advocated no eiling prices under 110% of parity that farm prices would reach that oint in the near future. However, it was apparent immediately after he President had affixed his signature to the bill that both the Chief xecutive and the Secretary of Agriculture were interested in preenting too rapid a rise in the cost of living, and as Secretary ickard expressed himself in a speech at Atlanta, Georgia, last week, "I am going to do all I can to keep prices up to parity. I am going o do all I can to keep them from going beyond parity." It is furthr understood that at a meeting with the Senate Agricultural Committee n Saturday, the Secretary told those present that he conceived his nly duty was to get farmers parity income. He apparently stressed the ord "income" and not "prices." Income would comprise what the armer actually received for his product, plus the different bounty ayments from the government. Undoubtedly more will be heard from the arm Bloc, which represents a very strong element in Washington, and hich had hopes that the government agencies would not release supplies ntil ceiling prices had been reached. President Roosevelt announced hat he was instructing all Departments of the government holding comodities, especially the CCC, to make supplies available to other epartments for war uses. This latter statement no doubt will have ore of an effect on cotton than other commodities, as under the law he CCC is prevented from selling to the trade more than 1,500,000 bales f their holdings in any one year. As to how effectually price ceilngs and other artificial steps taken will prevent the increase in the ost of living remains to be seen. According to the Agricultural arketing Service of the United States Department of Agriculture, the verage offarm products on January 15th rose to 102% of parity.

The CCC announced today that its offering price on wheat for he period expiring February 14th would remain unchanged, and there lso was no change in the corn offerings. However, with the decline n the market, we do not see any evidence of sales being consummated. he latest figures of the government agency show that the Corporation olds 95 million bu of corn outright and 225 million bu callable on oans, while in wheat they place their holdings at 150 million bu outight and 350 million bu callable on loans. Naturally, to release hese stocks on the market could prevent rising prices for the time eing.

The Weather Bureau reports that winter wheat fields were generaly unprotected, while relatively higher daytime temperatures and oderate night freezings caused some heaving in parts of the belt, alhough damage is not extensive, and as a whole, crop continues in favorable ondition.

Supplies of wheat are running low in many European countries, nd two breadless days weekly are reported in Rumania. Hungary is also educing food rations. In the United Kingdom, supplies must be plentiul not only for current needs, but for reserve stocks as well, beause bread throughout that section has been plentiful and cheap by omparison. As a matter of fact, it is about the one country in Europe n which bread has not been rationed. Evidently, the work of purchasng and distributing the country's wheat supplies has been carried out moothly.

The visible supply of wheat decreased 1,323,000 bu, which compares ith 1,562,000 bu a year ago; the total now stands at 211,608,000 bu, r approximately 73,000,000 bu larger than a year ago. Chicago stocks ecreased 278,000 bu, and now total 14,853,000 bu. Primary receipts ere 1,386,000 bu versus 1,436,000 bu last week, and 466,000 last year.

In spite of the fact that the Bureau of Agriculture announced hey expect larger feeding of wheat, and also that after March 31,1942, t will be necessary to limit sales solely to wheat for production of thel alcohol, trade in wheat was rather dull, with no evidence of any arge buying coming on the decline. On the other hand, there also did ot seem to be any major liquidation, although at the close May wheat as 1 1/4¢ per bu lower, and July 1 3/8¢ down.

With the advance in hog prices, the hog-corn feeding ratio is gain very favorable, and undoubtedly increased feeding will reduce the arryover in corn; furthermore, supplies actually owned by the governent have been cut into by large sales made during the past three or our weeks.

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CHICAGO MERCANTILE EX.

CHICAGO February 3, 1942

The result of Sunday's election in Chile was a major political efeat for the Axis in the Western Hemisphere, and will no doubt lead o great efforts to bring Argentina into the fold, thus preserving the olidarity of South America. Undoubtedly, Argentina will drive a hard conomic bargain and will gain trade concessions for her exports:namey, wheat, corn, and meats.The bargaining may mean the lowering or toal elimination of tariff barriers on certain products. It would be rroneous to believe that this would mean an influx of cheap agriculural products, as undoubtedly, the benefit will be reaped by the proucers in South America through advancing price levels, partially offetting existing tariff differences.

No new developments took place overnight in Washington affecting gricultural prices. The Secretary of Agriculture, with the support f the President, has at least won a temporary victory over other inerests in permitting offerings of surplus holdings and attempting to aintain momentarily prices somewhere around present levels. However, he administration is vitally interested in the welfare of the farmer, ut apparently desires to retard too rapid an advance in food costs, t seems to be a foregone conclusion that as the war proceeds, costs f production are bound to mount, due to higher labor and other items. hese increases will undoubtedly be reflected in higher prices for hat the farmer raises.

It is interesting to note how the Secretary of Agriculture's olicy is proceeding, under which he is attempting to maintain about xisting prices for grain, which are considerably under parity, while t the same time keeping prices of the finished products at levels hat will assure the farmer a profit on his feeding operations. The igures given below are the official parity prices, as of January 15th, nd the actual farm prices as a percentage of parity on the same date:

	Parity	Farm Prices % of Parity		Parity	Farm Prices % of Parity
heat	129.1	82	Lambs	8.57	120
orn	93.7	78	Milk	1.91	105
ats	58.3	86	Eggs	29.8	105
ye	105.1	62	Butter Fat	40.5	90
lax	2.47	79	Wool	26.7	139
ogs	10.54	100	Cotton	18.10	94
eef Cattle	7.61	128	Cottonseed	32.92	131
			Soybeans	1.39	119

The Department estimates that the farm disappearance of corn as rain from October through December was 897 million bu compared with 66 million bu the year before, while in oats, also one of the chief eeds, it was actually less than last year: namely, 207 million bu gainst 238 million bu.The combined use of these grains was only about ne per cent more than the previous year. The grain consuming animal nits on January 1st were 142 million vs. 132.9 million last year,while tocks of corn and oats, including sealed corn, were approximately 73.1 illion tons on January 1, 1942, compared with 69.7 million a year arlier. The official bulletin further points out that as a result of he record supply of barley in 1941 and the record crop of grain sorhums, supply of these grains on January 1st probably was at record r near record levels, together with a plentiful supply of hay. Of ourse, as the season progresses, feeding demands should be much greatr, as a 28% increase in spring farrowing of hogs is expected; conseuently for the remaining nine months of the crop year, it is anticiated that big inroads will be made in our stocks. Nevertheless, the ureau of Agricultural Economics looks for the corn carryover on Octoer 1st to show only a nominal decrease of 50 million bu from the 640 illion bu carryover on October 1, 1941, while the oats carryover on uly 1st may be reduced to normal proportions, or some 50 to 60 milion bu under last year.

Primary receipts today totaled 900,000 bu of wheat vs. 936,000 ast week, and 307,000 last year. So far this week Kansas City and inneapolis show a total increase of 43,000 bu. There seems to be very ittle in the wheat news at the moment to fire the imagination of tradrs, and the market was more or less of a dull affair throughout the ssion. However, there was a firm undertone with no evidence of any ount of hedging sales. At the close both May and July wheat were 5/8¢ bu higher. In corn, many are trying to weigh the effects of the wheat eeding program, but the general feeling seems to be that corn will reain in good demand. Offerings from the country are light.

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CHICAGO MERCANTILE EX.

Feb. 4, 1942.

Rumblings are still heard in Washington over the recent joint
tatements of Leon Henderson, Price Administrator, and Secretary
ickard, expressing complete agreement on the objective of price con-
rol legislation. The opposition may be best signified by the state-
ent of Senator Elmer Thomas. He said, "It certainly was the intent
f Congress that farm prices should be permitted to rise naturally
ntil the ceilings were reached. If the administrators plan to ignore
his intent, then Congress will have to put its intent into the law."
he Farm Bloc in the past has been able to exert very great influence,
nd, therefore, it creates some confusion as to what the future
olicies might finally be.

Much interest has been shown in the intention of the CCC to
ncrease the scope of wheat feeding, as well as the use of wheat for
ther purposes, such as the manufacturing of commercial alcohol for
overnment purposes. Doubtlessly, the feeding program would be felt
ainly in the Pacific Northwest and our Northeastern States, where
reight rates are sufficiently high on feed grains to encourage the
eeding of wheat stored locally. The amount fed on the farm has prob-
bly averaged approximately 100 million bu over the last number of
ears. The record amount fed was in the season 1931-32, when owing
o feed crop failures 174 million bu of wheat was used. In examining
he breakdown of the domestic utilization of wheat from the season
935-36 through 1940-41, the amount milled, used for seed, and feed
n farms has left a residual of about 25 million bu fromthe official
stimate of crops raised. According to the Wheat Studies of the
ood Research Institute, this residual was accounted for by losses in
leaning, other commercial feed uses, and certain minor variations.
here has always been a certain amount of red durum and other grades
hich have been sold commercially for chicken feed, etc.

We do not know of any accurate data that is available on the
fficiency of wheat as a feeder crop, but past experience seems to
oint to the fact that corn is the most efficient grain for finishing
ogs before marketing. A very good friend of ours, who devoted
is life to the grain business in Europe, informed us that quite a
umber of years ago the feed grain crops in Hungary met with great
isaster, and at that time it was necessary to resort to the extensive
se of wheat for feeding purposes. The Ministry of Agriculture of
hat country made a very scientific research as to the effect of
eeding wheat and other grains, and according to our source of in-
ormation the results of wheat feeding were very discouraging. It
as difficult to add sufficient weight, the animals seemed to lose
great deal of their vitality, and it even appeared to have a detri-
ental effect upon breeding. Rye was found to be much more efficient
han wheat.

The Government Weekly Weather and Crop Report just released
tates that a fairly good snow covering in the Eastern wheat belt af-
orded good protection against the recent cold spell. South of the
hio river, the hard freeze found the ground bare to relatively dry,
d consequently, suffered little heaving. In the Western belt, they
eported the condition of wheat generally satisfactory, with improve-
ent reported from Oklahoma, and the crop in good to excellent con-
tion in the northeastern, north central, and western parts of Kansas,
t rather poor in some of the southeastern portions.

Recent reports from Broomhall would indicate lower than normal
onditions throughout Europe. In a ten-year period prior to 1940,
e utilization of wheat in Europe, exclusive of Russia, averaged
out 1,900,000 bu. The season following the outbreak of war, this
opped to approximately 1,700,600 bu, and no doubt present condi-
ons will mean the enforcement of further economies and greater
tioning.

(O V E R)

Primary receipts today totaled 676,000 bu compared with 730,000 bu last week, and only 286,000 bu similar period last year. Stocks at Kansas City and Minneapolis so far this week show an increase of 80,000 bu.

There is a complete lack of any interesting developments i wheat at the moment, and trading is at rather low ebb. Yesterday i all futures total trading was only slightly under 4 million bu. Th major cereal seems to get its incentive from strength in other cereals, and with prices still ruling below government offerings i most markets, very little activity is taking place in the cash market. At the close, both May and July wheat were 3/8¢ per bu higher.

Offerings of corn from the country remain extremely light, and no real pressure has developed.

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P. S. In last paragraph on opposite side the figures should be 1,900,000,000 bu and 1,700,000,000 bu respectively.

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CHICAGO MERCANTILE EX.

February 5, 1942

Every few days tremendous sums of money are being voted by Conress to carry on our war effort, and the public is beginning to ealize more and more the vast sums that will have to be expended to ring present hostilities to a successful culmination. According to a ress release, the Treasury Department is now planning to request Conress to remove all statutory limits on the National debt. There are any steps that have been taken by this government to retard inflaionary tendencies, but despite the government's power in dealing with he situation, it would seem that with rising costs of both raw mateials and labor, in due course a certain amount of the spiraling efect of inflation is bound to be felt. It now remains to be seen how he regulations, such as higher taxation, rationing of consumption, riorities, and price ceilings, will be able to control the forces hich are already in motion. We do not mean to intimate that this ountry is facing any disastrous inflation such as was witnessed in he debacles in foreign countries during the past ten years, but raher one in which commodity and securities prices should seek somewhat igher levels.

Although very little attention is being paid to grain statistics, e think it is interesting from time to time to point out certain perinent facts. According to figures just released by the United States epartment of Commerce, we now have the complete picture of stocks of heat as of January 1, 1942, and are giving below the comparable figres as of that date for the past three years:

Million Bushels)	1942	1941	1940
arm Stocks	373	280	234
ommercial Visible	270	155	132
nterior Mills & Elevators	207	165	125
erchant Mills	135	106	114
otal Stocks in all Positions	987	708	607

he carryover of wheat on July 1, 1941 was 387 million bu. If this is dded to the crop of 945 million bu, it would make available supplies or the crop year of 1941-42, 1,332 million bu. For the first six onths of the crop year, there were 12 million bu used for export, eaving a total of 1,320 million bu. If from this figure we deduct he stocks available on January 1st, it shows a domestic disappearance or the first six months of 333 million bu, which compares with 372 illion bu the previous year and 367 million bu the year prior. No uggestion is made regarding the decrease in domestic consumption, but t may possibly be accounted for by smaller seed requirements due to educed acreages and to less feeding of wheat due to the favorable raio which has existed for corn and other feeder crops.

Canada has just passed the middle of her crop season, and during hat period has exported wheat and flour equivalent to 102 1/4 milion bu, which compares with 69 1/2 million bu the previous season. hould they export a similar amount in the next six months, the total ould reach 205 million bu. However, last year the final twenty-six eeks showed a marked increase in exports. Argentina has not been uite so fortunate. The recent weekly shipments from the Southern emisphere have been running very light, and on January 30th, they had n exportable surplus, after allowing for seed, feed, and home requireents of 244 1/2 million bu, which is quite an amount for a country hose home requirements only total 100 million bu. To add to their gricultural difficulties, Broomhall estimated that they also have a orn surplus of nearly 320 million bu, although the acreage planted or corn this year has been decreased between 15 and 20%.

(O V E R)

Primary receipts totaled 1,267,000 bu, which compared with 1,037,000 bu the same day last week, and only 319,000 bu a year ago. Kansas City and Minneapolis stocks show a combined increase so far th week of 117,000 bu.

The wheat market still remains rather featureless, with more or less of a dearth of news. The trade yesterday in the major cereal totaled only about 3 3/4 million bu, and the open commitments sunk to a new all-time low of 34 1/2 million bu.

The CCC announced that as of January 24th, there were 353,15 000 bu of 1941 wheat placed under the loan, which was an increase of only 799,000 bu for the week. As there remained only one week more for loans, but figuring there is probably some lag in reporting, it suggests that the loans will finally total somewhere between 355 and 360 million bu, which is about in line with our previous estimates.

Milling demand is again very light, and some scattered sellin found the market rather thin. At the close both May and July wheat were 5/8¢ per bu lower.

Hog prices in Chicago again advanced and reached a new four-year peak this morning. Prices were very strong in all other markets The present level makes the corn-hog feeding ratio extremely favorabl and should be a great encouragement for the consumption of corn. However, for the moment prices seem to be rather stabilized owing to government offerings. Country shippers still remain unwilling seller at present levels.

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CHICAGO February 6, 1942.

Since the start of the winter campaign in Russia, with re- erses to the Germans, there have been as many expressions of opinion n internal conditions in the Reich as there are commentators and riters. Some conclusions may be drawn from a statement made by ropaganda Minister Goebbels released through Berne, Switzerland. He acknowledged there was considerable dissatisfaction in Germany over he Russian campaign and the food and fuel shortages, although he lames the irritable condition of the people on overwork rather than general weakening of morale. However, there was another statement from Switzerland, which did seem to throw some light on the severity of German losses on the Russian battlefront. The German High Command has ordered obligatory withdrawal from that front of the last son of families who have lost all their other sons in warfare. Undoubtedly, there are very few families in Germany who have not already been greatly affected by the present hostilities.

Mr. John P. Hutson, President of the Commodity Credit Corporation, in an address yesterday in Chicago, touched on and clarified several items which have been bothering grain traders of late. He said that he did not anticipate any important quantities of corn or wheat would be converted into alcohol in lieu of sugar, because of the need of new equipment to make such conversions, and because the sugar situation is not so acute. He further remarked that although the Department of Agriculture would like to see 100 million bu of wheat used as feed for livestock and poultry producers, he doubted very much that the CCC would succeed in disposing of any such quantity through that method, Another point touched upon was that the CCC is trying to keep from building up a large staff and is trying to throw back as many functions as possible to the grain trade. No one can doubt the sincerity of this last statement. However, up to date, many of the steps taken by the government agencies have terrifically interfered with the proper functioning of the grain industry.

Hogs receded today from the high levels reached yesterday on statements made by packing house officials that they expected very shortly the office of Price Administration would establish ceilings on prices at which meats may be sold. Apparently, the administration deems prevailing hog prices as high, and government agencies are buying no pork products this week at prices above their purchases of a week ago. This, coupled with recent statements that the prices prevailing for feed crops were high enough, led to liquidation in corn on part of tired longs. The open interest in this cereal has been running rather large, and therefore, technically the market had been in a weakened condition. However, on breaks bookings from the country are practically nil.

In analyzing the detailed figures of the amount of wheat placed under the loan for the week ending January 24th, practically the major portion was incurred in the State of North Dakota, with an increase of 547,000 bu; the second largest increase was in South Dakota, with 74,000 bu. Other increases were rather small, and in the Southwest they were unchanged to virtually insignificant figures.

Primary receipts today were 781,000 bu compared with 917,000 bu last week, and 359,000 bu similar period last year. So far this week, stocks at Kansas City and Minneapolis show an increase of 08,000 bu, which suggests a decrease in the visible supply on Monday less than a year ago, when the visible declined 2,255,000 bu.

Wheat suffered the same weakness as in all other pits, but the open interest and daily trade in grain is light, and there is very little independent news in that cereal. We are advised from Minneapolis that poor low-grade wheat is finding very hard sales, undoubtedly due to the CCC's plan of selling wheat for feed. At the close May wheat was 1¢ per bu lower, and July 7/8¢.

(O V E R)

Some disappointment has been registered in the soybean mar by failure of the administration to raise ceilings on fats and oils at the time advances were named for lard. The present market represents about an equitable price for beans, based on the price of the products, although the meal demand has been given a setback, becaus of the cheap feed wheat offerings of the government. Much will dep upon whether finally higher fats and oil ceilings are permitted.

Rye was also under pressure, a rather long large open inte est has been built up in this cereal, and it could be very susceptil to any market reaction. There seems to be some evidence of selling on part of brokers usually allied with elevator interests, and this may represent some further hedging.

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CHICAGO MERCANTILE EX.

CHICAGO February 9, 1942.

From the eastern theatre of war, it appears that the Japanese ave forced a landing on the West Coast of Singapore, but according to reports the British claim to have the situation in hand. The ews of continued advances on part of the Japanese naturally has a isquieting effect, but it must not be overlooked that distances are great and it takes a considerable length of time for the allies to get reinforcements in position. Furthermore, the communication lines of the Japanese are becoming extended, and therefore, are more subject to attack.

Russia continues to report some advances, particularly in the relief of the Leningrad areas, but apparently German resistance has stiffened, which would lead to the conclusion that more German reserves have been brought up to the battleines, although it remains a question whether these new reserves will have the hitting power, and the staying qualities of the picked troops who were originally engaged on the Russian front. As far as the morale of the German people is concerned, one must discount some of the propaganda which is being put out at the present time, but it would appear that the Russian campaign has caused the Reich tremendous effort and a net loss of material.

A great deal of attention recently has been centered in rye, and the open interest in Chicago futures on Saturday was 27,666,000 bu, which compares very favorably with the all-time high of 30,471,000 u onNovember 22, 1924. The variation between the actual price of that cereal and parity has attracted interest; also the fact that e may be called upon to furnish some rye to Russia. A review of the statistical position shows the following: We started the season ith a stock of about 67 million bu, made up of a crop of 45 million u, commercial visible stocks of about 5 1/2 million, and farm stocks s of June 1st (the only reporting date) 16 1/2 million bu. This otal is the largest domestic supply since 1935, when there was about 0 million bu, and that year we imported 2 million bu, bringing our otal to 72 million bu, with our exports negligible. So far this season, our imports seem to be about 7 1/2 million bu, although these igures cannot be correctly given, as our government has not released official figures since September. However, it appears as hough we have brought in, duty paid, about 5 1/2 million bu of anadian rye and nearly 2 million bu of Argentine rye. Therefore, our otal supply is over 72 million bu. The normal consumption of rye uns around 43 million bu, with 9 million bu being used for food, million bu in distilled spirits, and 10 million bu for seed,and 5 million bu for feed. On this basis, it would indicate that our arryover at the end of the year might be in the neighborhood of 29 illion bu. So far as future imports are concerned, the Argentine as a surplus, but the ability to secure ocean space for shipment to his country would seem to regulate our imports from that country. anada, because of the relatively high price of their rye compared o their wheat, seems to permit their farmers to market more freely han normally, and it may be that they still have a surplus of over million bu for export and carryover, which compares with 4,900,000 u carried over last year, 5 1/4 million bu two years ago, and 2 illion bu in 1939; 1 million bu in 1938; and 400,000 bu in 1937.

The visible supply of wheat increased 109,000 bu, which compares with a decrease last year of 2,255,000 bu a year ago, and it ow stands at 211,717,000 bu, or 75,398,000 bu more than last year. icago stocks decreased 80,000 bu, leaving a balance of 12,793,000 u on hand. Primary receipts were 815,000 bu versus 1,386,000 bu ast week, and 423,000 bu last year.

(O V E R)

Senator Nye today introduced legislation to prevent government agencies from selling their holdings below parity levels. Whil the administration is very much opposed to such a bill, it still leaves uncertainty in the situation. In the meantime, we hear from the Northwest that the government has sold some of their spring whe in exchange for Durums. We have no figures on the quantity which h been exchanged so far, but it appears as though they are offering #1 dark northern in store at the Minneapolis May price, and will tak in exchange different grades of hard amber and red Durums at discounts ranging from 10 to 32¢ under their May. If any sized quantities should be worked on this bais, it would naturally release mo millable wheat on the market, and would also increase offerings of lower grade for feed purposes.

Wheat was strong at the opening in sympathy with rye and other cereals, but advances were not held. Interest in the leading cereal still seems to be at low ebb, and for the time being seems to be mostly a trading market. At the last, May wheat was 1/8¢ per bu lower, and the July unchanged.

The CCC announced that during January their sales totaled 26 million bu of wheat, leaving approximately 129 million bu in the hands of the corporation. Corn sales of the corporation for the wee ended January 24th totaled 8,893,000 bu, and it has been estimated that possibly 5 to 10 million bu have been disposed of since that date. Offerings of corn from the country still remain extremely light.

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CHICAGO MERCANTILE EX.

February 10, 1942

The situation in Singapore has become grave, with the possibil-
ty that the Japanese who have succeeded in obtaining a foothold on
ne island may have infiltrated into the city. The fate of that fort-
ess is now hanging in the balance and its fall would represent a
ajor setback for the allied cause. However, should the Russians be
ble to turn the German lines at either Kharkov or Smolensk, it would
o much to counteract losses in the East.

Had it not been for war developments, the commodity markets
ay have obtained some early firmness from the determination of Sena-
ors Nye, Thomas, and others, who are attempting to force through leg-
slation preventing the CCC from releasing impounded farm products at
rices lower than parity. In fact, the Senate Agricultural Committee
his morning unanimously voted to report a bill prohibiting the sale
f government-owned agricultural products at less than parity prices.
hs success of such moves is questionable, as legislation to that ef-
ect may meet with a veto on part of the President. Apparently, cer-
ain elements of the labor interests are driving for higher wages at
he same time. If their efforts should succeed, it is bound to have
material effect on costs, and as parity prices rise automatically
ith other prices, any increase in the wage scale would contribute con-
iderably to the inflationary spiral and to the rise in the cost of
iving, as so far the advance in the price of foods has been greater
han in other items.

Reports received would indicate that the potato crop in Ger-
any, which has been one of their mainstay foods, had suffered severe
etbacks from cold weather. This has caused an actual shortage in some
f the larger cities and considerable curtailment in the feeding of
ogs. The meat shortage must also be keenly felt, as one source re-
orts that the government has raised the price to be paid for heavy
ogs for immediate slaughter. This will probably alleviate some of the
ore urgent needs by replenishing supplies, although it will undoubt-
dly diminish the pig population and have a detrimental effect on fu-
ure breeding operations.

Grain news in this country remains of a more or less routine
ature. Crop prospects as a whole are well maintained. Flour sales
he past week were of rather small proportions, and it is reported
hat bakers and jobbers are holding back future commitments in the
ope of being able to buy at somewhat lower levels. However, the coun-
ry is offering very little wheat, and present prevailing prices are
ell below the offerings of the CCC.

Primary receipts today total 816,000 bu, against 900,000 bu
ast week, and 358,000 bu on a comparable day last year. So far this
eek, Minneapolis and Kansas City stocks show a decrease of 35,000 bu.

The grain markets opened lower, reflecting the earlier weak-
ess in the cotton and securities markets. However, sometime after the
enate Agricultural Committee took action on the bill designed to pre-
ent the sale of government-owned agricultural products at this level,
ome confidence was restored and earlier losses were eliminated. In
act, shortly before the close some short covering ran into stop loss
rders in all pits, causing considerable strength. At the close both
ay and July wheat were 7/8¢ higher.

There is undoubtedly quite a lag in the reporting of sales of
orn by the CCC. In fact, as we understand the procedure, the figures
ssued from time to time represent only the actual shipments made to
he date of release. We should not be at all surprised if the actual
ales, including corn not yet invoiced, would run to considerably
arger quantities, but on the other hand, the amount of defaulted corn
ay also run to larger proportions.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

Feb. 11, 1942.

At the time of writing this letter, Singapore is still holding
n, but there are no developments as yet in the Far Eastern situa-
ion to lend any encouragement to the near-future view. No doubt,
ther disappointing news may be expected. The Singapore situation
gain brings to the front that this is a highly mechanized war, and
hat despite the gallantry of any defending force, proper air support
s of paramount importance. With the present airplane program in
his country as compared with the production in Japan, there should be
o question that eventually we will attain air supremacy throughout
he scenes of hostilities, but the present setbacks will mean the
xpansion of tremendous effort and the loss of many additional lives.
e still hold to the thought that, regardless of the temporary situa-
ion, the main theatre of war is on the battlefront between Russia
nd Germany, and that the ability of the United States and England to
urnish the Russians with sufficient materials, and possibly later on
rmed forces, will determine the length of the war. The Germans admit
hat, despite terrific fighting, the Russians have broken through
n several places in the Kharkov sector, which is a very important
oint.

Coming events usually cast their shadows before them. The
eriod is now rapidly drawing near when farmers will have to reach
decision as to whether they will redeem their 1941 loans or default
the government. A few loans are probably beginning to fall due now,
ut all of the warehouse loans will be due by April 30th, and the mar-
et action will depend on whether the wheat will come back into
rivate hands, or whether it will become government property. If
ans are paid and sales made by the producers, new buyers will have
be found for the hedges. Should certain farm interests who are
tempting to impound government holdings succeed in their efforts,
should not be difficult to find the new buyers. On the other side
the picture, if defaults are heavy and the government agencies
me into control of supplies and the present selling policies are
rsued, it would give the CCC quite a whip hand over prices. Accord-
g to figures just released, there were 353,862,997 bu of 1941 wheat
der the loan through January 31st, although it is possible that this
ght not be the final figure, owing to the delays in clerical work.
ere is possibly somewhere in the neighborhood of 129 million bu still
maining in the hands of the Corporation from the 1939 and 1940 crops,
king the potential holdings of the government approximately ½ billion
, provided, of course, that none of the present new loans are
deemed.

There is a fair snow covering over the Central States, although
much moisture has occurred recently through the Southwest. In
ct, according to the Kansas State Weather Bureau, precipitation was
ficient in practically every part of that State during January,
hough they report that soil remains saturated from the excessively
weather in previous months, with the possible exception of the
thwestern counties. The Government Weekly Weather and Crop Report
tes that in the central and eastern belt, there have been some
ther reports of local heaving due to warm days and relatively cold
hts, but that injury is still apparently light. They further state
t in general the winter wheat crop continues in promising condition,
that outside of slow growth in Texas and other parts of the South-
t, there is very little injury apparent in any wheat fields.

The CCC reports that 68,775,000 bu of corn has been put under
loan from the 1941 crop. We made mention yesterday that we should
be surprised if actual sales of government-owned corn had been
vier than the figures released, which possibly do not include the
es made but not actually shipped. Should the holdings of the CCC
down to rather small proportions, and should it be deemed advisable
build up these holdings, it must not be lost sight of that the
ncy has the authority to call all loans at any time.

(O V E R)

Primary receipts today were 692,000 bu compared with 678,00 bu last week; last year same day there was a holiday. So far this week Minneapolis and KansasCity show a net decrease of 107,000 bu.

After the close of the market yesterday quite a feeling developed amongst traders that any attempt to pass legislation impounding supplies would meet with the President's veto. This feelin was carried over to the opening this morning, but on declines, the market found fair support, although trading was more or less of a local character; however, advances were not maintained. There was no evidence of hedging pressure, and milling demand seemed to be ve small. At the close May wheat was 1/2¢ lower, and the July was off 3/8¢.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

Feb. 13, 1942.

The statement made by Secretary of Agriculture Claude R. Wickard
an leave very little doubt in anyone's mind as to his attitude on
arm prices and the policy of the CCC if not interfered with by new
egislation. The Secretary considers that a price of 85% of parity
or wheat and corn, plus government bounties, assures the farmers a
arity income. He estimates that a 15% increase in grain prices would
dd possibly a billion dollars to the nation's grocery bill. However,
hose favoring a bill to force government impounding of their holdings
nder parity have received new support from Mr. O'Neal, President of
he American Farm Bureau Federation. He contends that the present
elling policy is not consistent with the parity goal of the Agricul-
ural Adjustment Act and forces farmers to depend unnecessarily upon
he bounty payments from the federal treasury. There are now attempts
eing made to attach restrictions on sales as a rider to some bills
efore Congress, and if this is done, it would cause an early decision
o be reached by the legislative body. The entire question of prices
s a very live issue. Undoubtedly, in the very near future, the
ituation will have to be met as to demands for increased wages.
hould any action be taken on this source, it might entail the freezing
f all retail prices, which would be a tremendous undertaking.

In the early 30's, when this country was in the throes of a de-
ression, economists advanced diversified theories, some claiming that
his country was greatly over-produced, others claiming that we suf-
ered from under-consumption. Former agricultural policies seemed to
ave leaned towards over-production, because in a certain period we
lowed under crops, destroyed livestock, etc. Normally, in private
ndustry when a manufacturere finds difficulty in disposing of his
roduct, he usually investigates new fields or new methods of selling.
his was done by producers of certain agricultural products, one of
he outstanding examples being the fruit raisers of California.

The records do not indicate that anything constructive was accom-
lished in the increasing of the amount of flour consumption in this
ountry; in fact, the opposite is the case and a contraction has oc-
urred. According to the Wheat Studies put out by the Food Reseach
nstitute of Stanford University, from 1925 to 1933, the yearly average
er capita consumption of flour, expressed in terms of wheat, was
.12 bu. However, the consumption has been steadily decreasing since
925. In the depression years of 1933 to 1937, the average per capita
onsumption annually was 3.61 bu, or a decrease of about one-half bu
er person. For the crop-year, 1940-41, the annual consumption per
erson is given at 3.57 bu.

Secretary Wickard, in his talk of last Wednesday, also described
heat as a number-one problem crop, and stated that the logical place
o use the wheat is for livestock feed and in the production of in-
ustrial alcohol. In connection with the feeding program, we note
at shipments out of Minneapolis are running fairly large, and this
s nodoubt the result of the exchanging of the number one northern for
f-grade Durums to be utilized for feed. A fair percentage of these
ipments seems to be destined for Philadlphia and Boston rate points.
ile no estimate has been given as to the amount of wheat that has
een exchanged, it might possibly run in the neighborhood of a couple
million bu.

There was light to moderate snow in portions of Kansas and
braska over the holiday, and also over the north central sections of
e spring wheat belt. General speaking, we would say that central
ates have had a fair snow covering.

Primary receipts today amounted to 989,000 bu covering a two-day
riod; last week they were 781,000 bu, and a year ago 371,000 bu.
nsas City and Minneapolis stocks so far this week show a net decrease
206,000 bu, with almost the entire decrease occuring at Minneapolis.

Interest in wheat still remains very indifferent, the daily volume
light, and temporarily prices are easily affected by relatively small
ders. Unless there should be some change in the general news, look
r a continuation of trading markets. At the close May wheat showed
advance of 1/4¢ per bu, and the May was up 1/8¢.

The CCC still announces no change in its selling price for corn.
okings from the country were a little larger than recently, but sales
e also somewhat better. New commitments in this cereal seem to be
mewhat retarded by the government's policy of selling wheat for
eding purposes.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

February 16, 1942.

The fall of Singapore should jar the feeling of smugness and
mplacency from some Americans who had figured that they could go on
th "life as usual." Undoubtedly, the spreading of the war in the
r East lengthens the time it will take us to do our job. It will
ll for the maximum of our productive capacity. This means a further
ansferring of factories engaged in non-essential war production to
ose supplying needs of the armed forces, and a tremendous contrac-
on of supplies which will be available to civilians, probably far
yond what many people have visualized. From now on there should be
wer arm-chair strategists, greater unity among all elements, and
nfidence in those whose tremendous task is the successful culmination
the war for the United States and her allies.

Farmers in Canada are now awaiting the decision of the government
garding an increase in the price of the forthcoming wheat crop, and
so the quantity that they may market. Considering the storage prob-
m that seemed to confront the Canadian Wheat Board at the beginning
the season, they apparently have been able to handle the situation
ry efficiently. It would seem to be in line for the farmers to re-
ive a higher price for their wheat next season, and also that there
rketing quotas will be larger. Statistically, the wheat situation
that country has improved. As of February 6th, Sanford Evans places
e amount on hand for export and carryover at 533,487,000 bu, which,
ile a large quantity for a country whose home consumption is only
0 million bu, nevertheless represents a reduction of approximately
8 million bu from a year ago. Furthermore, total exports have run
million bu heavier than the same period of the preceding crop-year,
d they are hopeful that from now until the end of the crop year,
rther increases will be registered. In addition to their shipments
Great Britain, there is always a possibility that they may be called
on to furnish additional supplies to Russia, General precipitation
Canada for January was a little below normal, but the total fall and
nter precipitation from September 1st to January 31st was very close
a normal quantity, although not well distributed.

Officers of the CCC in both Chicago and Kansas City announced that
ferings of wheat owned by that agency have been advanced a cent a
shel. The basis at Chicago was raised to 17¢ over the loan value, or
$1.32, while in Kansas City the price is now $1.28 a bushel for
dinary number one hard wheat. One source of information advises that
en the CCC takes title to any wheat on which the loans mature April
th, the wheat will not be put into a producers' pool, which we judge
mean that the farmer would give up any interest in further market
vances. In the past, it was customary to pool the wheat and should
ofits be incurred to prorate same. Naturally, if the CCC is per-
tted to follow this procedure, any farmer who has a few cents profit
his wheat at the time the loan is due will undoubtedly elect to dis-
se of same rather than turn it over to the government agency.

The wheat visible decreased 924,000 bu vs. 1,396,000 bu last year,
d now stands at 210,793,000 bu, which is an increase over a year ago
75,870,000 bu. Chicago stocks decreased 227,000 bu and at present
tal 14,766,000 bu. Primary receipts were 704,000 bu against 815,000
last week, and 575,000 bu last year.

The paramount issue at the moment is whether or not any legisla-
on will be passed to impound supplies until parity price is reached.
re are many traders who seem to lean toward the belief that such a
sure will pass the Senate, but no indications are given as to what
likely to happen in the House. This has more or less imparted a
rm undertone to the market, with almost a total lack of any pressure.
present offering price of the CCC being considerably higher than the
ures market, no large sales are being consummated, and consequently,
hedging pressure. In the meantime, the light milling demand seems
be sufficient to take up the slack. At the close May wheat was 1/2¢
u higher, while July wheat was 5/8¢ up.

The CCC further announced no changes in the corn price. According
their figures, sales of corn since the former report amounted to
254,000 bu, making total sales approximately 153,345,000 bu, as of
ruary 7th, leaving on hand 88,862,000 bu from previous crops. In
ition loans on the 1941 crop to the end of January amounted to
775,000 bu. Country offerings remain extremely light. Some profit
ing was in evidence during the session.

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CHICAGO MERCANTILE EX.

February 17, 1942

According to reports emanating from Washington, the proposal to ohibit the sale of government-held crop surpluses below the levels parity prices has gained strong Republican support, and many be- eve that the Senate approval of such legislation is quite likely. to the course of action by the Lower House, or the President's nal move if such a bill should be placed upon his desk, is unpredict- le. Some quarters think that the Secretary of the Treasury is in vor of reducing payments to farmers in order to cut down budgetary quirements for items other than those needed to conduct the war. erefore, there are some chances that such legislation might be pass- . Naturally, if prices were allowed to rise, it will cut down the unty which the producers receive from the government, but on the her hand, it will advance the cost of food to the consumer.

According to statements attributed to the Secretary of Agricul- re, he contemplates that about 200 million bu of wheat between now d July 1st will pass from store onto the market either from repay- nts of loans or by sales of the government agencies. The CCC expects at at the beginning of the new crop year, the carryover of free eat will amount to 300 million bu, while the government will control additional 294 million bu. If the amount of free wheat carried over ould reach the above figures, it would compare with the total rryover (including government holdings) in the past number of years, d might be the largest free carryover on record. These figures ex- nd back into the FarmBoard era, at which time part of the carryover s controlled. The figures are as follows:

YEAR		CARRYOVER	YEAR		CARRYOVER
1941	-	385 million bu	1936	-	142 million bu
1940	-	282 "	1935	-	147 "
1939	-	253 "	1934	-	274 "
1938	-	153 "	1933	-	382 "
1937	-	83 "	1932	-	391 "

Broomhall reports that weather on the Continent is now more ringlike, but that severe night frosts have continued in a number of untries. Crops for the most part are believed to be in fairly sat- factory condition, due to widespread snow protection which existed roughout the period of low temperatures; but the scanty reports re- ived indicate that winter wheat acreage on the Continent is below rmal, although attempts may be made to make up the deficiency in ring plantings. He further reports that food and fuel are scarce in ny countries, as the emergency stock piles have now entirely dis- peared. The cultivation of the rich Ukraine section seems hardly ssible under present war conditions. This no doubt will interfere th food supplies in both Russia and the conquered countries. However, e former country can no doubt obtain supplementary supplies from ther the United States or Canada.

Primary receipts today totaled 784,000 bu, which compares with 6,000 bu last week and 285,000 bu similar period last year. So r this week, Kansas City and Minneapolis stocks show a total decrease 130,000 bu.

Cold weather has been reported in parts of the Southwest, parti- larly in the northwestern tiers of Kansas, although no crop damage ws is being received, and as a whole winter wheat has come through date in very good condition.

Despite weakness in the security market, wheat was firm through- t the entire session. Rather large buying by a source closely allied th milling interests led to further strength, and at the close May d July wheat were 3/4¢ a bu higher. Carrying charges have a ten- ncy to widen.

Corn also enjoyed strength, with very light shipments from the untry. Hogs again touched new high ground for the past four years, d at present levels should be an additional inducement to feeders use further quantities of corn. One press article stated that the vernment will shortly freeze industrial soybeans at $1.63 a bu.How- er, no confirmation was received. This statement is rather ques- oned by the trade, as at that level there would be no inducement to e farmer to plant beans when compared to their possible income from e same acreage given over to corn.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO February 18, 1942.

At the outbreak of the first World War, the United States and
ssia were the major exporting wheat countries of the world, with
nada, Argentina, and Australia but minor factors. When the Darda-
lles were closed, it made this country the main breadbasket of the
rld. The Continent of Europe was available for shipping, and after
e first German submarine menace had been successfully met, we were
irly well able to care for importers' requirements.

The present war presents an entirely different picture. With
e invasion of Europe and the fall of France, other than Great Britain,
st of the normal European channels of importations are closed. With
e spreading of the war to the Far East, extending into practically
ery ocean, great disruptions have taken place in sealanes. Australia
ems to have very little chance of exporting any sizeable amount of
eat during the second half of the international crop year. For at
ast the time being, the import markets of China, Japan, Manchuria,
e Philippines, and British Malaya will be closed to her, and shipping
ortages will no doubt further curtail her exports to other Indian
d Pacific ocean ports. With the extremely long route to Great
itain, it is more than probable that valuable cargo space will not
diverted to wheat.

The position of Russia is rather obscure, with the lack of
y detailed information. How much wheat that country salvaged from
e Ukraine is problematic. What steps the Soviet government has taken
increase the output of bread grains east of the normally large
oducing areas, is also an enigma; but it can possibly be assumed that
the moment their import requirements are no larger than the usual
nual quantity which had passed through Vladivostok, where wheat was
ported and distributed cheaper to certain sections rather than incur
long freight haul. However, the next few months will give a more
ightening picture. Should she have to turn to other countries for
plies of wheat and rye, difficulties would also be encountered in
pments across the Pacific, not only due to raids on shipping, but
o to the great lack of shipping space.

While Argentina is still offering wheat to the United Kingdom,
h the menace of submarine raids in southern waters, her exports will
bably be confined mainly to South American markets, Spain, and
tzerland. She will undoubtedly succeed in exporting some wheat to
British Isles, but England may probably prefer supplies of meats and
ls rather than grain, which she can obtain on a much shorter haul
m Canada. As far as Great Britain is concerned, that country
mally accounted for about half the import requirements of Europe.
is supposed to have built up very large war reserves. As to her
uirements for the balance of the season, two courses of action seem
be open: namely, (1) to cut into her present stock and conserve
pping space for other essential articles, or (2) to import her re-
rements and continue to carry the reserve. All in all, it appears
though total world exports of wheat will be the smallest in the
five decades.

The Northwestern Miller states that new flour bookings continue
decline, with all branches of the market apparently having enough
ur to take care of essential nearby needs. Bookings for the week
e 27% of capacity compared with 40% a week ago, and 42% a year ago;
e in the Southwest, flour bookings ran 31% of capacity versus
the previous week, and 91% corresponding week of last year.

The Government Weekly Weather and Crop report states that much
er weather will spread over the central west and northwest wheat
s, but comments that fortunately the preceding wide-spread snow-
afforded protection to the growing crop, and that general conditions
inue favorable for the winter wheat crop, notwithstanding some
rnate thawing and freezing in the eastern belt. However, since

(OVER)

issuing this report, abnormally cold weather now prevails over the major portion of the grain belt.

Primary receipts were 498,000 bu against 692,000 bu last wee and 184,000 bu last year. Stocks of wheat at Kansas City and Minneapolis show a total decrease of 297,000 bu.

Trading still remains a rather dull affair. Yesterday there was a decrease in the open interest of a little over 1/2 million bu, bringing the total interest in wheat to the lowest figure since recor have been kept --namely, 34,180,000 bu. There was further buying today by the same source as yesterday, when it was assumed that purchases were made against flour sales; however, the amount involved to was not as large.

It is thought in some quarters that the Senate action on the proposed Bill to impound supplies under parity prices may be delayed until next week, and this led to some discouragement amongst those who had made purchases in anticipation of a quick, favorable action. At the close, May wheat was 1/4¢ down, and the July declined 3/8¢.

A report just released by the Bureau of Agriculture points out that the number of animal units on farms on January 1, 1942, was largest since 1934, the biggest gain being shown by a 12% increase in the number of hogs. Corn is also suffering somewhat from lack of outside interest, although at this level country shipments are light, an the producer seems to have no interest in making sales.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

February 19, 1942.

News from the Far East indicates that the Japanese have ex- nded their already thin lines of communication by a bombing attack Darwin, the most northerly port of Australia, which will make them at much more vulnerable when the full striking force of this country s been marshalled. While the English have apparently made further treats in Burma, on the other hand Chinese forces in Northern Burma ve inflicted some defeats on Thailand troops, and there has been a ther important meeting between Generalissimo Chiang Kai Shek and e leaders of India. It is reported that agreements had been reached ereby Indian routes would be supplemented for supplies to China if e Burma Road should be further threatened. Further drives by the ssian troops continue to meet with success.

In attempting to study the wheat situation, it might be well give further consideration to the situation in Canada. On the bit side is the large amount of wheat raised in that country for port and carryover. As of February 13th, Sanford Evans places the ount at 530,660,000 bu; but on the credit side appear many favorable ems. The carryover, although large, is nevertheless 106 million bu ss than the same period of last year. For the balance of the crop ason due to the spreading of war zones, our northern neighbors will called upon to furnish the main exports to the British Isles, and ssibly some to Russia. Although their shipments during the past four five weeks have shown some recessions, they will no doubt be augment- in the near future. Moisture has been ample through Manitoba, but many other sections deficiencies exist. For the past season, the nadian government has guaranteed the farmer 70¢ for his wheat, basis rt William and Port Arthur. At the present time it is estimated at the parity for wheat figures approximate $1.22 a bu, basis Fort lliam, and it would, therefore, appear on the surface that the price be paid to the farmer for his 1942 crop would have to be on a higher vel. In many quarters it is estimated that the price might be ad- nced to 90¢ a bu. If this action were taken, it would naturally be flected in the price of the Winnipeg futures. There are even some o believe that if the farmer is guaranteed the 90¢, basis Fort lliam, it would only constitute the minimum price at Winnipeg, and at the futures market could reflect still higher prices, although ch will depend on their government's program.

One source reported that in our Pacific Northwest, our govern- nt agency has started calling loans, although another source claims at this policy will not be effective on warehouse loans until April th. Presumably, the government holdings of wheat from the 1939 and 40 crops in that territory will not be sufficient to meet the demand feed wheat. We have commented several times that the biggest de- nd for feed wheat would be in the Pacific Northwest and in eastern tions. Possibly some of the loans are being called to provide grain Lend-Lease shipment to Russia, but until more data is available, lean to the belief that most of it will be for feeding purposes.

Primary receipts totaled 515,000 bu versus 450,000 bu last r; no comparison can be made with a week ago owing to the Lincoln thday holiday. Kansas City and Minneapolis stocks so far this week w a total decrease of 374,000 bu.

In the early part of the session, there was evidence of some l buying, probably indicating flour sales overnight, but markets con- ue in more or less of an aimless way. It appears as though we shall e a continuation of trading markets with a firm undertone until re are further legislative developments in Washington. At the se both May and July wheat were 3/8¢ per bu higher.

According to figures issued by the Department of Agriculture ruary 18th, the Chicago corn-hog ratio for the week ended February h was 15.2 compared with 14.8 the previous week, and 12.3 a year . Naturally this encourages a larger consumption of corn on part feeders. Bookings from the country showed some increase, and totaled ,000 bu.

UHLMANN GRAIN CO.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO

Feb.20, 1942.

To anyone conversant with conditions, it hardly seems necessary
point out the great importance of the grain markets in the distri-
ıtion of supplies and the fact that the extremely low cost to the
roducer of handling grain has been directly related to the maintenance
organized exchanges. When daily volume is curtailed to the very
nall figures we are now witnessing, questions arise as to the ability
the exchanges to "weather the storm," and we cannot point out too
ften that the entire system is intricate and has so many ramifications
ıat once destroyed, it is questionable whether it could ever be rein-
tated, at least during the life of present grain men. Without the
rivate trade, it would seem the only alternative is complete regimen-
ıtion for the farmer. How far we have drifted along this road is a
atter of concern, particularly when one reads a report from the
gricultural Marketing Service, pointing out that recent changes in the
942 conservation program removes any deduction for exceeding the rice
llotment, and substitutes in its place a provision requiring that ten
mes the payment rate be deducted by which the rice acreage planted is less than the acreage allotment.
this can be taken at its face value, it might point to future pro-
rams of withdrawal of benefits for under-production and penalties
or over-production. In other words, the farmer would find himself on
e "must" list.

Current crop reports indicate that wheat in the Southwest has
me through the winter in excellent condition, although somewhat less
atisfactory conditions prevail in the Central States. The December
st estimate of 39,318,000 acres places the seeded winter wheat acreage
the smallest figures in some time, with reductions in all the im-
ortant States, and compares with the total acreage the previous fall
45,663,000 acres. It will be sometime before the actual abandon-
nt will be known. The average abandonment of wheat runs about
1/2%; some years it has been as high as 30%, and in 1931, it was
low as 4.8%. The Department of Agriculture last fall estimated
at the 1942 abandonment would be 6.6%, and the yield 16 bu per seeded
re, compared with 14.7 bu the previous year, and an average of 11.8 bu.
e forecast suggests a winter wheat crop of 631 million bu vs. the
tual harvest in 1941 of 671 million bu. Naturally, no estimates can
made for the spring wheat crop, but with the reduced acreage allot-
nt, we might expect a crop of approximately 162 million bu compared
th a final outturn in 1941 of 274 million bu, at which time the final
eld per acre was one of the highest on record: namely, 16.9 bu. Even
cluding the extra uses to which the CCC is endeavoring to divert
eat, it appears from present indications that our carryover at the
d of this crop-year will be in the neighborhood of 630 million bu
xt July 1st. Under these conditions, it seems as though, statis-
cally, wheat will not be in a much different position from a year ago,
en should there be some crop deterioration.

Primary receipts today were 514,000 bu compared with 989,000 bu
st week, and 292,000 last year. So far this week Kansas City and
nneapolis stocks show a decrease of 474,000 bu, which suggests a de-
ease in the visible supply on Monday somewhat in line with last year,
en the decrease was 1,823,000 bu.

Trade at the present time is watching very closely any develop-
ts in Washington,which would impound pooled wheat stocks of the
until parity prices are reached. This would have a great bearing
disposition of the 355 million bu now impounded under loans, and may
ally change the amount of free wheat in farmers' hands and in com-
rcial channels. In the meantime, traders seem to prefer a sideline
ition, and the volume of daily transactions has slumped to very
ll proportions, with the open interest in wheat in all futures at a
low figure --34,042,000 bu. Some small purchases of wheat, ap-
ently against flour sales, were made in the early part of the session,
it was of no consequence, and wheat seemed to sag of its own weight,
hough at present trading is greatly a local affair. At the close May
July wheat were 3/4¢ per bu lower.

Country bookings of corn for the last few days have run a little
vier, but nothing large, and offerings seem to be well taken.

Interest in soybeans, which at one time were more or less lead-
the way, has also slumped to small figures, with the open interest
that cereal approximately 7,100,000 bu compared to the high of
353,000 bu made April 24, 1941.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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UHLMANN GRAIN COMPANY
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141 W. JACKSON BLVD.
CHICAGO

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

February 24, 1942

For the time being, all grain markets are marking time. There tinue to be the usual uncertainties created and prompted by various sures adopted at Washington, which often change the rules in the dle of the game, so that fewer people are willing to assume hazards. s makes the volume of trading next to nothing. If for some reason unusually large quantity of wheat would be redeemed, it is question- e whether the market would be able to absorb hedging pressure with- some sacrifice in price, although nothing of this type has occur- in months, and there is no sign that in the near future it will pen.

It is well to remember that bread has always been the staff of e and that for many years increased production in this country was ed for by a proportionate increase in the European demand. The ures which we list below, and which are partly taken from Broomhall, t illustrate how over a period of time European imports of wheat e gradually stepped up:

888 to 1893	- 352 million bu	1904 to 1908	- 449 million bu
894 to 1898	- 376 "	1909 to 1913	- 522 "
899 to 1903	- 415 "		

n came the first European war, with shipping difficulties, heavy ra- ning, and during the period of hostilities total world shipments l to small proportions. However, there had been great disorganiza- n of European agriculture, just the same as there is at the present e, and for many years those countries in Europe which had produced vily during peacetime were compelled to get their supplies in great- volume from overseas. Commercially, the world had not yet fully re- ered by 1924, and we find that during the boom period, 1925 to 1929, opean imports averaged 645 million bu annually. Nobody can tell ther history will be repeated and what the financial situation of world will be following the second great war, but somehow or other gry nations generally manage to get foodstuffs, and we believe that s will be particularly true in the present instance under some form Lend-Lease plan, particularly where such large surpluses exist. refore, we may yet become most important, together with Canada, in isfying the full demand for wheat whenever that time comes.

Even now, the British Ministry of Economic Welfare is sympathet- lly considering a proposal to ease the blockade in order that Greece receive wheat imports, the food situation in that country being ilous. Turkey is also requiring imports; just recently, one mil- bu was unloaded at one of her ports, with an additional 1 1/2mil- bu being headed in that direction. Of course, few of the Contin- al countries are getting supplies, although Spain, which is serious- n need of grains, has come to an agreement with the Argentine for shipment of 6 1/2 million bu of wheat during the next four months.

Primary receipts over the holiday amounted to 1,207,000 bu com- d with 784,000 bu last week, and 303,000 bu last year. When the ble supply was posted, it showed a decrease of 2,835,000 bu. This l leaves total stocks in all positions 208 million bu, or nearly illion bu greater than a year ago. At Chicago, there was a slight ease, with almost 14 1/2 million bu still held in this market.

Trade was extremely dull. The fact that the Senate may act favor- upon a bill to impound supplies until parity prices are reached the market firm, but there was no great confidence displayed.

Corn was slightly reactionary, and the Department of Agriculture unced recently that CCC loans of the past two years could be re- ed at 61¢ a bu until end of April. There is approximately 130 mil- bu of corn tied up, of which very likely 75% is situated in Iowa. far, the additional pressure of possible sales is not being felt, with hogs at a four-year top of $13.25, it naturally encourages ing supplies to the utmost. The corn visible increased about 1 3/4 ion bu.

Beans were firm. The government's plan of a virtual guarantee ot less than $1.60 to farmers was not quite as generous as had expected, and yet, there was no discouragement amongst traders, figure that this cereal is worth the money.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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MEMBERS:
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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

February 25, 1942.

There was very little grain news overnight. However, there was
speculation as to what might take place in Washington with regard
egislation restricting sales of government corn, wheat, and cotton,
ell as other agricultural commodities at prices under parity.
has not yet been settled, although as we understand it, the CCC
inues to sell some of its corn to industrial users, and would even
wheat if prices were at a somewhat higher level. It is naturally
difficult for both consumers and traders to accustom themselves
resent-day conditions, and there is no real confidence, particular-
s so many upsetting announcements are made from day to day, which
inually change policies that in the past were regarded as more or
permanent in character. For this reason the volume of business
shrunk to very small proportions, and the biggest speculator in
ity is the government, which through its loan policy assumes the
s that formerly were shouldered by individuals.

It should be remembered that the administration assumed leader-
in price boosting policies by gradually stepping up loan values.
orn, for instance, they started at 57¢, advancing the farmer that
nt of money for his corn on the farm. Later, this was raised to
for the 1940 crop, while on the past year's production he was re-
ing virtually 75¢. This apparently was all brought about to as-
producers parity for farm commodities, and there have been fre-
t statements by various officials claiming that high prices were
rable as an incentive for record production of all foodstuffs
ng wartime. It is also a fact that in order to bridge the gap,
CCC also advanced its selling price of corn and of wheat with inter-
ent regularity, apparently doing this until parity income was more
ly attained. Until the past few weeks they pursued a rather
ish attitude in conducting these operations, although more recent-
ndoubtedly they had a change of heart, and now higher costs of
ng have come more into the foreground. We hear such talk as adding
llion dollars to living costs unless proper measures are adopted
eep various commodity prices at about present levels.

In the meantime, there is little change in world statistics,
aside from Canadian exports, very little business is taking place.
ave not heard much during the past few weeks with regard to
ralian shipments, but hostilities in the Far East have greatly
ailed exports, while the Argentine is now shipping smaller quan-
es of wheat and flour every week --only 877,000 bu in the last re-
, of which about 200,000 bu was destined for Spain. There seems
e little chance for a larger outward movement of grain because of
nt shipping losses, and the fact that the United States has
atened to reduce the number of vessels available for imports by
t 50%. There had been some hope that wheat shipments to Russia
t be required, owing to the German occupation of certain agricul-
l districts, and already they have received some quantities of
t and flour; but it seems that Russia is asking the United States
for canned meats, animal fats, vegetable oils, butter, and other
entrated foods. Therefore, it remains a question as to whether we
l be able to reduce our surplus to any extent through wheat or
r shipments to them, at least for the next six months. The con-
ling factor is the availability of boats, and ocean shipping still
ents many difficulties.

Primary receipts were quite substantial at 826,000 bu vs.
00 bu last week, and only 256,000 bu last year. So far this week,
as City and Minneapolis stocks show a total decrease of 54,000 bu.

Toward mid-session it was announced that the President opposed
slation for impounding of supplies, and while this had been known
some time it caused a certain amount of discouragement, with local
dation a factor in our market. Final prices were 1 1/8¢ per bu
for the May delivery, while the July wheat declined 1 1/4¢.

Corn also sympathized; unquestionably the CCC has been selling
ndustries in recent days. This made the cash market weak, and
was no particular support.

Beans were likewise under some pressure, with the cash article
1¢ per bu lower on basis. In rye, small liquidating orders found
uyers rather scarce.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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MEMBERS:
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

Feb. 26, 1942.

The President was very outspoken yesterday in denouncing the
.l before the Senate which would restrict the sale of various
ricultural commodities at prices below parity levels. His pro-
st against this legislation was that the pending bill represented
.fish interests at a time that the very existence of the country
s at stake, and he considered it unwise because the withholding
stocks would do irreparable damage to the war effort and to farmers
the country. Despite this, the Senate late yesterday passed the
asure by a vote of 50 to 23. This bill will now go to the House
ere it probably has an even chance for passage, but in all prob-
ility the President will finally veto it, as his convictions are
ced in regard to selling wheat, corn, cotton, etc. at about present
ice levels.

With this picture, none of the markets were particularly
rong this morning, although there was a slight improvement in the
.ling trade, and possibly some short covering, but on the whole,
was a very quiet affair. There were two other factors which pre-
nted much bullish enthusiasm: one was the fine snows that were
ported in the Southwest, which are very beneficial for the winter
eat plant at this time of the season; the second feature was great
akness at Winnipeg, where apparently less support was forthcoming.
ile we are not on an import basis from that country due to certain
strictions, nevertheless Canadian weakness did have a slightly
mpathetic influence here. Canada is doing a fairly satisfactory
port business. Clearances for the last week were slightly over the
-million-bu mark. For the first twenty-eight weeks of the crop
ar, they have shipped 108 million bu of wheat and flour, an increase
about 31 million bu over a year ago. In all likelihood, they will
their carryover down to somewhat smaller proportions than in 1941,
yet they are faced with large reserves, as there are so few
rkets open to them during wartime. There should not be much pressure
on Winnipeg prices, as the deliveries of wheat to country elevators
running small --only about 1 1/4 million bu for the past week,
this is just about sufficient for domestic requirements.

Here in this country, we have the same situation. The coun-
movement is not burdensome, and the CCC has not sold any wheat
recent weeks. There is some talk at times of insect damage to
at part of the grain which is stored on farms, and the United States
partment of Agriculture, under its various agencies, has about 118
lion bu of loan wheat in country positions, but up to the present
ne, no very serious complaints have been registered. In a general
, the next winter wheat crop may only be regarded as favorable.
course, there was grain in certain areas seeded late as the result
continued rains; therefore, the plant made slow growth prior to
advent of cold weather, but it will take some time yet before
al determinations can be made. Also, we shall know more about
Kansas condition within the next four to six weeks.

Primary receipts were fair at 663,000 bu compared with
,000 bu last week, and 270,000 bu last year. Kansas City and
neapolis stocks so far this week show a total decrease of 200,000 bu.

Trade was hesitant, despite Senate action on the impounding
.l, although prices were firm, and at the last there was a gain of
3¢ per bu for the May delivery, while the July wheat advanced 1/2¢.

Corn had a firm undertone, and it seems to be the consensus
t even if all government corn stocks are sold, finally it will
alter the situation materially, as underlying conditions are sound
the corn-hog relationship is naturally encouraging to feeders.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

February 27, 1942.

There was very little grain news overnight, but in this
pect the situation was unchanged. Flour demand continues spasmodic,
even the Senate's action yesterday brought in very little new
ness. Therefore, we must assume that immediate needs are
ty well satisfied. On the other hand, movement from the country
ight, with practically no wheat being redeemed, and CCC sales
come to a virtual halt; consequently, we find the market in a
with new incentives necessary in order to carry on.

The main debate on the floor of the exchange is whether or
present impounded supplies will be further withheld from commer-
. channels through legislation that would restrict sales until
ty is reached. President Roosevelt today renewed his attack on
Farm Bloc's attempt to pass a law of this kind. Probably no one
in a better position to appreciate fully what can happen if the
ies are artificially withheld from the market against all laws of
ly and demand than is our Chief Executive. He inherited the
created by the Farm Board, and in 1933 when he assumed power
ned determined to get the grain back into the hands of the con-
ing public, but even then it would have been almost an impossible
except that there were four successive drought years during which
every season domestic production was smaller than our consump-
. At the present time, his worry is less a matter of actual ac-
lations, because in wartime food has become a very essential part
our program; but he must deal with another problem of trying to
vent unnecessary inflation, and in his own words, "He has been
ing up nights thinking up ways of trying to block acceleration
he inflation move." It is thought by some that as a matter of
tegy the present bill, which was passed by a majority of the
tors, would be attached as a rider to the more important appro-
tions bill or other legislation, which might be difficult for the
ident to veto. Mr. Roosevelt has also contested that as a good
od of legislation, claiming that it was not fair either to the
gress or to him to handle the matter in that way. Therefore, there
till a good chance that the impounding bill may never become law,
time alone will tell that.

The per capita wheat consumption in this country has been de-
ing for a considerable period. In former years, we used to
re about 4 1/2 bu per person, but according to the Food Research
itute of Stanford University, during the crop year 1940-41, it
nted to only 3.57 bu, while from 1925 to 1933 the yearly average
4.12 bu. In the depression years, 1933 to 1937, the average per
ta consumption annually was 3.61 bu. Possibly our populace is
ng greater amounts of fruits, vegetables, etc., with so many
le watching their waistlines, but whatever the reason may be, it
suggest that even with the population increasing, domestic con-
tion for human purposes is still on a rather moderate scale.

Primary receipts were fair at 631,000 bu compared with
000 bu last week, and 319,000 bu last year. Kansas City and
eapolis stocks so far this week show a total decrease of 396,000
When the visible supply is posted on Monday it will compare with
rinkage last year of 1,641,000 bu.

Markets were firm during most of the session, but again there
no volume of business, possibly the same as yesterday when only
t 4 million bu of wheat were traded in the entire pit. Even spread-
orders between various delivery months were almost non-existent.
he last, both May and July wheat were unchanged.

Corn was slightly reactionary after an early bulge, There
ersistent talk that possibly ceiling prices will be invoked for
. However, there seems to be a very satisfactory feeding ratio
on present basis. Therefore, we doubt whether this would be
of a factor.

Soybeans were somewhat lower, but there was no particular
ure, and trade was extremely light.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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MEMBERS:
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

Mar 2, 1942.

News from the Far East was not too optimistic, and Japanese lumns were pushing into Java from three strategic beach-heads, though suffering tremendous losses in the offensive. On the other nd, the Red Army is making further gains, and for the first time rman news communications admitted that Hitler's army was fighting ly defensively, thus confessing the loss of initiative. So the Red my still has tremendous striking power, even in the Crimea where mperatures are considerably higher than elsewhere.

As far as grain news was concerned, nothing much had occurred er the week-end, except that wonderful snows were reported in the xas Panhandle. These may also have extended to some portions of lahoma, and we received some very optimistic reports concerning the ospects of the crop. The Santa Fe Railway said that if any change the Kansas wheat prospects had taken place during the last thirty ys, it had been for the better, and that the outlook remained high- favorable, especially in the western half of the State. Even with e substantial reduction in acreage, it might be on the way to one its record crops, according to that source. There has been con- derable freezing weather in Oklahoma, but despite this fact, the eat plant is believed to have held its own since the first of the ar, and at present is rated as being in excellent condition. This parently is based largely on the fact that there has been plenty moisture, with very little evidence of winter killing. Naturally, recasts that are made the first of March may have to undergo many visions before harvest time, but nevertheless it is much more easant to have the plant emerge in the spring with proper moisture nditions, particularly after the many years of drought through ich we have recently lived.

There was no change in the government's offering price of C wheat, although sales are not taking place at present market ices. Several Senators stated that they were making no request confer with the President, as had been considered earlier. Ap- rently they will not tack to the $32 billion war appropriations ll any marketing limitation considerations, although they admit at the question may be raised later when the annual agricultural ll comes before the Senate. Therefore, the question of impounding pplies cannot be dismissed as a possible market factor.

In the meantime, we find that thirty-four weeks of the crop ar has been concluded, with less than 15 million bu of wheat and our exported; consequently, we must figure on a very large carry- er, although some consideration must finally be given to the extra ounts that will be consumed for animal feeding under the govern- nt's recent program. Canada is doing a better job, having shipped million bu more than a year ago, her clearances amounting to arly 112 million bu since August 1st.

Primary receipts were quite heavy at 967,000 bu; a week ago ere was a holiday; last year they amounted to 646,000 bu. When the sible supply of wheat was posted it showed a decrease of 2,155,000 , with total stocks in all positions in excess of 205 million bu. is is roughly 74 million bu more than was on hand in 1941 same date. icago stocks decreased 193,000 bu, still leaving 14 1/4 million bu wheat at this market.

The wheat market was a rather tame affair again, although e volume was somewhat better than on Saturday, when less than 3 llion bu was transacted in the whole wheat pit for all three tures. At the same time there are not many new commitments being de for the reason that the incentives for both bulls and bears are cking. Ordinarily, we are entering a period now when crop scares ght be anticipated, but the fine moisture is preventing this. Also, h the legislative uncertainties, a good many people are staying y close to shore. There was a little recovery from an early break, d yet May wheat closed 5/8¢ per bu lower, while the July future was n 3/4¢.

Corn held relatively firm, although influenced some by the ak in wheat. We still feel that feeding operations will be ex- sive enough to finally give us a higher market.

Oats and beans were weak at times but showed recuperative dencies.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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MEMBERS:
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WINNIPEG GRAIN EXCHANGE
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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

March 3, 1942.

There was a little more grain news this morning than we have in some time. First of all, good moisture was reported in ana and Ohio, and this is very important, as before long the wheat t will emerge from hibernation, and it is always better, there- , to have satisfactory soil conditions. The trade, however, is ng much more attention to political news from Washington. There been an overnight announcement that government loans on farm- ed wheat, rye, and barley would be extended to April 30, 1943. ver, as we understand it, this does not refer to the great bulk of n which is stored in terminal houses and where the farmers must up their minds between now and April 30th of this year whether will default or pay off their obligations. Therefore, there is l a chance that if prices are firm a good many loans will be emed. If we finally have a carryover in the neighborhood of 600 ion bu, much will depend on the quantity that is eventually in free stock. The CCC also announced that after the 14th of March, would not offer their wheat to mills although would continue sales feeding purposes or for the manufacture of alcohol. This policy rently is to prevent any conflict where farmers themselves might oming into a period of redemptions, and the government does not to compete with these transactions.

The feeling this morning was a little more bullish on wheat, ibly for the reason that there had been pretty fair liquidation ntly, and the open interest is now down to 34 million bu for all e futures, this being about the lowest that was ever reached. equently, there cannot be any large lines that might be sold in rvous market, but the fact that government offerings would not be sed lent a little more encouragement, and sentiment now seems to oderately friendly, even though it is admitted that the officials he CCC might change their minds at almost any time. There is, of se, still a chance that legislation might be passed to impound lies until parity prices are reached.

While tremendous reserves are being carried in North America, while Argentina seems to be having difficulty in shipping heavily Europe, just the opposite situation prevails in Europe, with many ful stories of starvation in Greece, the need of bread grains in n, and heavy rationing taking place in virtually all of the an-dominated countries. The plight of the Germans, estimated inally at 96,000 men, was said to be mounting, as the Russian force broke up repeated Nazi attempts to send food and ammunition ir. Apparently, Hitler was using 1,800 planes that had been nded for the spring offensive, in order to try to free the trapped in the Staraya Russa area.

Primary receipts were fairly good at 875,000 bu, but smaller last week when they amounted to 1,207,000 bu; a year ago they only 347,000 bu. Kansas City and Minneapolis stock so far this show a net decrease of 50,000 bu.

There was a fair amount of optimism expressed in today's quota- ns, despite some short selling. Volume was not particularly large, may have been a little better than yesterday, when less than 5 mil- n bu were transacted in the whole wheat pit. Supply and demand tors are obviously not at work now, otherwise, our prices would be 51¢ over the market at Winnipeg; and even this statement is too servative because with Canadian exchange ruling about 10% discount er the American dollar, it naturally makes Winnipeg May wheat ty close to the 70¢ level. However, we have stated consistently these letters that prices here are almost entirely on an artificial is caused by the high loan. At the last, May wheat showed an ad- ce of 7/8¢ per bu, while the July future rose 1¢.

Corn was also in a little better demand. The March delivery selling at about 3 1/2¢ under May, which appears to be more than ull carrying charge, and this factor has been somewhat responsible the slight widening of carrying charges between the more deferred ths.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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MEMBERS:
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WINNIPEG GRAIN EXCHANGE
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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

March 4, 1942.

Political news is still the paramount issue in the grain markets
we believe that the firmness manifested in wheat is due to some
ent to the decision of the CCC: namely, that sales of wheat to
ls would be halted after March 14th. This had undoubtedly brought
a little better flour business for the reason that mills cannot
e the same confidence in procuring their supplies as if the original
ernment program had been continued. As a matter of fact, the
ling trade had become rather depressed during the past week, and
the Northwest reported sales were only 24% of capacity compared
h 90% a week ago, and 52% a year ago. In the Southwest; volume
slipped to 21% of capacity against 85% a week earlier, and 28%
the corresponding week of 1941. Possibly the improvement dur-
the past two days has taken a few hedges out of the market, al-
ught general volume of futures business here on the Exchange has
been helped to any appreciable extent.

Reports from Washington tell us that the Farm Bloc in the
se is working aggressively to approve the parity price sale limita-
n, and since the original bill has already passed the Senate,
re is still a fair chance that it will become law, despite the
sident's antagonistic views. This is an election year, with many
islators catering to the Farm vote, despite the fact that 1941
ome from the wheat crop was at a twelve-year top. Last year's
ld was one of the largest on record, and sales, including the quan-
ies which were placed under loan, were the largest since 1921.
ever, the accumulations have been large, and stocks of wheat in the
ted States, as of January 1st, were estimated at 988 million bu,
ch was about 269 million bu more than the stock the previous year.
is naturally too early to have definite ideas as to the production
ing 1942, although it is reasonable to suppose that with the
sent soil and acreage conditions, we may raise at least 100 mil-
n bu in excess of our requirements at a time when probably the ex-
t outlet will continue poor, although possibly our domestic con-
ption will be somewhat increased if additional quantities are fed
livestock. Some also hope that larger quantities of American or
adian wheat may be sent to Russia in order to make up for the loss
the Ukraine and other occupied territories, but this still remains
gely a matter of obtaining proper shipping facilities.

The Russian war news remains good, although some disappoint-
ts have been expressed over further Japanese victories in the
ific. However, it is well to remember at all times that in the
duction of planes, many of which can fly the northern route quickly,
allies and ourselves are now almost doubling Axis opposition.
le it is true that a number of our boats have been sunk, the situa-
n has been no more serious than that of the Axis. At least, in
pbuilding we will lead all the rest of the world by mid-year--
s and Allies combined. With such tremendous production, it is cer-
nly a most comforting feeling.

Primary receipts were somewhat smaller at 593,000 bu compared
h 826,000 bu last week, and 850,000 bu last year. Kansas City
Minneapolis stocks so far this week show a total decrease of
,000 bu.

There was not a great deal of feature to the market. However,
pressure is lacking, which is understandable as there is some-
ng like 356 million bu of wheat from the 1941 crop impounded under
loan. In addition to this quantity, the government owns some
at to which it took title from previous crops; therefore a large
ntity is out of the regular commercial channels, so that the full
ght of supplies is not being felt. Farmers have between now and
il 30th to redeem their terminal storage wheat, but apparently
iness in that direction is extremely light at the present time.
al prices were not much changed from the previous session --May
at at the last was 1/4¢ per bu lower, while July wheat was off 1/8¢.

Corn opened fairly strong, and the high prices being paid for
s is naturally a stimulating factor. However, the government's
gram for selling feed wheat has interfered somewhat with the mar-
ing of both corn and oats, particularly in the East. At the present
e, March corn is at a big discount under the May, and many people
ieve that carrying charges between May and July will widen finally.
CCC corn loans, as of February 21st, amount to slightly over
million bu from this year's crop.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
GO BOARD OF TRADE
K PRODUCE EXCHANGE
RK COCOA EXCHANGE
COFFEE AND SUGAR EX.
DITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.
CHICAGO

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

March 5, 1942.

The grain trade is still suffering from extreme inactivity. istically, changes are unimportant, but legislative news indicates the House is very apt to act favorably upon the Bankhead Bill respect to impounding of supplies. Therefore, it may soon be put ight up to the President. This was probably the reason for a le firmer market today, together with the fact that millers are impressed with the same arguments, and in any event they must ize that after March 14th, for at least a period of six weeks, they not be able to make purchases from government-owned stocks, even here should be moderate advances in the price.

Our own exports continue very light, and at the present time, re hardly able to do much business even with Central or South ican countries. Brazil, for instance, continues to take its wheat the Argentine, and while the latter country does not necessarily y a monopoly on the Brazilian market, it is a fact that prices been kept attractive, which was not the case in the United States. il appreciates this, as it enabled her to avoid a state bread sub-. Of course, growers in that country also expect some federal , but they are guaranteed a price of 7 1/2 pesos for every 220 lbs is delivered at Buenos Aires. This amounts to only 49¢ a bu. In rn for that they must agree to reduce their acreage by 10% for the crop if ordered to do so. Up to the present time, the Argentine rictions upon producers have not been drastic, even with surpluses mulating, owing to the fact that it is the policy to hold a reserve heat for post-war trade. A good many new warehouses have been t recently, but yet storage facilities are inadequate, as there are tremendous reserves of both wheat and corn. Under these circumces, possibly acreage reductions may be required for the next crop. corn crop is about to be harvested in that country, and this toer with the large carryover is already causing some concern, ods being explored for the possible disposition of their supplies. al outlets probably are insufficient, but it is hoped that stock ers may use larger quantities for feeding cattle and pigs. Another me is for converting a portion of the surplus into alcohol, algh the main difficulty in that connection is the lack of distilling ts. A third plan is to increase domestic use of corn flour by ring it to consumers at a very low price.

In Canada, there has been no decision yet as to the 1942 wheat cy. With moisture conditions as they are, they could, of course, a very large return if anything like a normal acreage was planted.

Primary receipts were moderate at 636,000 bu, or about the as last week when they amounted to 663,000 bu; a year ago they 382,000 bu. Kansas City and Minneapolis stocks so far this week a total decrease of 249,000 bu.

Trade on the whole was dull. Those who look at the price of t objectively feel that it is almost entirely artificial influences h are keeping pricesat these levels, but apparently there is no ge being contemplated at Washington. The Bureau of Agricultural omics in its February 27th resume showed that farmers on February were receiving about $1.05 per bu for their wheat compared to /2¢ the five-year average from 1909 to 1914, which was the base od for computing parity price; and this in spite of the fact that ave a tremendous reserve on hand. Actually there was nearly one ion bu of wheat in this country on January 1, 1942. At the last wheat showed an advance of 3/8¢ per bu, while July was 1/2¢ per bu er.

Corn seemed to be one of the favorites in today's trading; spreading had taken place, with purchases of corn against sales ve. While it is true, there is a fairly large primary movement ared with other years, only a small percentage represents a run the country. The balance is apparently government corn which has sold to industries.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
iO BOARD OF TRADE
K PRODUCE EXCHANGE
RK COCOA EXCHANGE
COFFEE AND SUGAR EX.
DITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.
CHICAGO

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

March 6, 1942.

There have been indications for some time that higher wheat ces might be established for Canadian farmers. The method, how- r, of bringing this about was obscure. Some people had bought nipeg futures on the theory that they would benefit if the minimum ce were raised by 10 or 15¢ a bu, but this morning there was a her lengthy announcement from the Canadian wheat Board, and it worded in a somewhat contradictory way, so that at first nobody ld be very sure just what was intended. We were very fortunate t a friend of ours was visiting in this office, and he telephoned house in Winnipeg in order to have the situation clarified.

As we now understand it, only the farmer will benefit from advance in price which the government will shortly establish. ody knows whether the new price will be 90¢ or $1, but it may ge somewhere between those figures. It is undoubtedly the inten- n to take care of hedgers, and the government will apparently see it that after the advance has been fixed, the owner of cash wheat l have his hedge properly placed. However, any elevator which may e carried wheat unhedged must turn this over to the government, , therefore, not benefit from the advance. Next comes the position a speculative long. As we gather from the conversation, he has her the option of closing out his long position on basis of last nt's price level, or as an alternative he will be permitted to nge over his contract whenever the advance has been established, so he may resume his long position at a higher level later on. The e would refer to shorts, who may either close their transactions basis of 79 1/4¢ for Winnipeg May wheat, or 80 3/8¢ for the July very, but may if they wish exchange their present commitment for a short contract on basis of the higher price to be established.

All of this excitement caused a little apprehension here, e wondering whether our government might at some time take similar ion, but in our opinion, this is not likely to happen, as the plan operation in this country under a high loan takes care of the ners without having to established or change minimum prices in the

The news from the Pacific continues of a pessimistic nature, icularly at Java. This had a somewhat bearish influence upon the k market, but yet industrial production in this country is going d at such a terrific rate, and we will soon be manufacturing planes, s, and tanks in such quantities, while other nations have to worry t obsolesence, that the outlook still appears healthy, looking ttle further ahead.

In the meantime, little attention is being paid to statistics. United States exports of wheat and flour for 35 weeks of the crop on show that only 15 million bu has been placed afloat. Canada, a slightly shorter period, since their crop year starts August 1st, cleared 116 million bu, or 29 million bu more than last year. he present time there is 523 million bu of wheat still available anada for export or carryover, allowing for a domestic consumption 40 million bu. The latter is a higher figure than was used in past, owing to some additional feeding which will undoubtedly take e.

Flax prices were very strong on talk that possibly Canadian ks would be commandeered; lard and cottonseed oil are at ceiling es, and this all suggests that finally oils of all kinds will be reat demand. Temporarily, there are sufficient soybeans for domes- requirements, but without oil imports a very strong situation t finally result.

Primary receipts were 619,000 bu compared with 631,000 bu week, and 359,000 bu last year. Kansas City and Minneapolis stocks ar this week show a total decrease of 359,000 bu. When the visible ly is posted on Monday it will compare with last year's shrinkage ,844,000 bu.

The volume of trade was rather small, even with the excite- thattook place in Winnipeg, and for quite a period after the ng, everyone was at sea, as Canadian wheat futures were not posted, to the fact that trading had for a time been suspended. We r feel that it is difficult to give advice when everything is so icial. At the last May wheat was 1/8¢ per bu lower, while the future declined 1/4¢.

Corn was quite firm in the early dealings, and the same rs were again with us. However, there was no aggressive buying, and lieve that trade was of smaller proportions than in recent sessions.

DAILY MARKET LETTER

MEMBERS:
O BOARD OF TRADE
K PRODUCE EXCHANGE
RK COCOA EXCHANGE
COFFEE AND SUGAR EX.
DITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.
CHICAGO

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

March 9, 1942.

There was very little grain news over the weekend, but the
sident will make a short radio broadcast tonight, and it is
ught that he will vigorously challenge efforts of the Congression-
Farm Booc to prevent the sale of government accumulations of wheat,
n, cotton, etc. until parity prices are reached. This was appar-
ly the signal for moderate liquidation on part of longs, with new
ers not particularly aggressive on the constructive side of the
ket.

The war news has not shown anything spectacular. While
s in the Pacific is not too optimistic, there is ample comfort in
Russian outlook, with Hitler now admitting, according to a Berne
patch, that 1 1/2 million of him men had been either killed,
nded, or missing since hostilities started against the Soviet.
e have thought that it was the winter and not the Russians that
been defeating the Germans, but after all, the Russian soldier
also a human being and feels the cold. Furthermore, Hitler was
ng his utmost in striking power to gain winter quarters, and in
t respect, his objectives have not been achieved. While our own
erests right now center in the Pacific area, we must all realize
t the real enemy is Hitler, as without him Japan would be only a
or problem. Much publicity has been given to a spring offensive
part of Germany, but the difficulties of reversing from defensive
tics are great, particularly since the Russian armies might keep
Germans off balance, and are probably much better prepared now
n they were when the surprise attack took place last summer.

Winnipeg prices this morning slipped off fractionally, as
market declined, but according to a well informed Canadian, it
his understanding that the Wheat Board will finally take over all
n trades at settlement dates and at the announced price. In the
ntime, we expect that the fluctuations will be next to nothing in
t market. We are told that selling at Winnipeg is chiefly from
rican interests, and apart from that, pit activity is negligible.
this country there seems to be a little loan wheat being dis-
ed of, but quantities are not large, although after the 14th of
ch, CCC sales to mills will be halted, and this may give farmers
s competition, should there be an advance in the price level.

Primary receipts were quite substantial at 990,000 bu, or
ut the same as last week; a year ago they amounted to 551,000 bu.
n the visible supply was posted it showed a decrease of 1,610,000
still leaving 204 million bu of wheat in various positions, or
se to 75 million bu more than was on hand last year. Chicago
cks showed a heavy shrinkage of 640,000 bu, but we believe this
resents the feed wheat which the government is moving Eastward; there
still more than 13 1/2 million bu here.

During recent sessions Minneapolis has been rather weak,
ctically a full shipping difference under Chicago, and their May
at is now trading at about 2¢ under July, or a bigger carrying
rge than here in Chicago. Minneapolis stocks of wheat are still
excess of 38 million bu, so that finally there might be some ship-
ts from that market to Chicago. Likewise, at Kansas City supplies
heavy, with 34 million bu at that point. The Bureau of Agricul-
al Economics now estimates that we shall probably have a wheat
ryover on July 1st of 630 million bu, or an increase of 20 million
over the estimate of last month. We would judge that this is due
smaller amounts being fed to livestock, as it is figured that not
r 30 million bu will be so used in the government program recently
ertaken.

Trade was not particularly aggressive, and there was some
couragement. We find that on Saturday the whole volume in the wheat
only amounted to 1,710,000 bu, or about the same as a single im-
tant speculator might have traded in during normal times. At the
t May wheat showed a decline of 1 1/2¢ per bu, while the July future
down the same.

Corn also sympathised, as did other creals, with the weakness
wheat. This in spite of the fact that hogs are bringing tremendous
ces; moreover, feeding operations will be carried on extensively.
the time being, however, trade is indifferent, and nobody seems to
e the same assurance as when we traded on supply and demand factors
ne.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
IICAGO BOARD OF TRADE
YORK PRODUCE EXCHANGE
W YORK COCOA EXCHANGE
ORK COFFEE AND SUGAR EX.
MMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.
CHICAGO

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

March 10, 1942

Agriculture is becoming more and more socialized in every part
the world. Probably spurred by the great incentive which our own
vernment gave its farmers by way of remunerations of various sorts,
her governments felt that in a more modest way they had to follow
it. Today, we received a long list of articles for which minimum
ices have been established in Canada, but in all of these undertak-
gs secondary consequences are generally overlooked. Up to the pres-
t time, consumption has not been increased to any large extent, even
rough the additional use of wheat for animal feeding, the issuance
blue and orange trading stamps, manufacturing of alcohol, etc. The
ct of the matter is that we are faced with a wheat carryover on July
t of 630 million bu, and it might be somewhat larger as our wheat
ocks on January 1, 1942, amounted to 988 million bu, and ordinarily,
mestic consumption only requires about 307 million bu from then
til the start of the crop year. If we deduct 35 million bu which
ght be exported or fed, the reserve might be somewhat higher than
e government's forecast. In any case, even the smaller figure would
some 400 million bu more than the average for the 1931-40 period,
ich again compared with only 123 million bu, and which was consider-
an ample reserve before the days of the Federal Farm Board. Never
fore in history has such a tremendous stock of wheat been carried
er from one season to the next; it is practically sufficient to take
re of our domestic needs for a whole year.

However, this is not confined to our country alone. Stocks re-
ining for export or carryover in the four major exporting countries
e estimated at 1,524 million bu. This supply is likewise the larg-
t January 1st stock of record, and is almost three times the annual
ount of world import requirements in recent years. Thus, if the
r were to end tomorrow, and the devastated or occupied nations
uld come into the market, there would be more than enough to take
re of all needs.

One forgets quickly the extent to which prices in this country
ve risen. In the 1938-39 season, farmers averaged only 56¢ a bu
r their wheat on the farm; the following year they obtained 69¢, as
result of acreage reduction and poor prospects for 1940 yields. How-
er, in 1940, due to the turn of events in Europe, price gains were
rgely wiped out, and this situation carried on until about March
41, when loan rates began to play an important role. The 1941 loan
te, based on parity, was approximately 98¢ per bu on the farm, as
ainst only 53¢ in 1938-39. On basis of Chicago prices this was
.15, and will probably be a good deal higher before the next har-
st. Thus, it is no wonder that the President last night spoke in
uncertain terms of the fear of inflation if agricultural prices
re not restricted in some measure.

Primary receipts were 841,000 bu today compared with 875,000
last week, and 384,000 bu last year. Kansas City and Minneapolis
ocks so far this week show a total decrease of 171,000 bu.

There is no particular urgency for cash wheat anywhere. At
nneapolis, the spot market has been slow and draggy for the past
w days. Receipts of 350 cars were again considered heavy today, and
e milling demand is mostly from hand to mouth. As an offset to
is, there was a little better speculative demand following the
esident's address last night, but on the whole trade was rather in-
tive, and probably not much better than yesterday, when only 15 mil-
on bu was traded in all pits together. It seems that new incentives
e necessary to bring about a revival, and meanwhile, even with legis-
tive features and artificial action, a good many people are unable
forget fundamentals, and the large supplies on hand. At the last,
y wheat was 1/2¢ a bu higher, while July wheat advanced 3/8¢.

Corn also did better. Feeding operations are bound to be large.
the moment, the industries seem to be fairly well supplied, hav-
g purchased ahead from the government, but this situation should
ange sometime.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
CAGO BOARD OF TRADE
ORK PRODUCE EXCHANGE
YORK COCOA EXCHANGE
RK COFFEE AND SUGAR EX.
MODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
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MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO

March 11, 1942.

Last July, the carryover of wheat in this country was 385 mil-
on bu, and everybody considered this an enormous quantity, as it
arly approached the slightly higher figure that made history during
e Farm Board era. In the meantime, we raised the third largest crop
record, and have had only trifling exports, with about 15 million bu
wheat and flour cleared during the first thirty weeks of the crop
vement, so that even with efforts made in the direction of increas-
domestic consumption, there was bound to be a tremendous growth
our accumulations. This would all have had more influence upon the
rket except for the fact that there is still about 350 million bu
wheat under the loan from the current crop, together with about
million bu from previous crops, so that at the present time more
an 480 million bu is still impounded.

The big controversy in Washington right now is on the 132 mil-
on bu of wheat that the government accumulated under the 81¢ loan,
the administration seems more than willing to liquidate these hold-
gs at about present levels. The Farm Bloc, however, in taking the
ew that no sales should occur until parity prices are reached is
lling to delay the final day of reckoning. Since last May, parity
wheat has advanced about 15¢ a bu, and while there have been some
bs, restraints, ceilings, etc., on the articles which farmers
, it is still reasonable to expect that in a general way parity
l tend higher as time goes on, and thus, the vicious cycle continues.

At the present time, domestic wheat prices are about 3 to 4¢
wer than they were a month ago, but at that time they had reached
highest level in five years. From this point of view, the govern-
t has attained a victory, but the whole program can only be judged
the outcome, and it is even quite possible that storage will be-
e a problem next summer if normal crops are harvested.

Winter wheat is coming out of dormancy, according to the govern-
t's weekly report, and beginning to show some growth as far North
the Central Ohio Valley. It is too early yet to come to any defi-
e conclusions, and we must await the period when growing weather
l give us more evidence of the amount of winter killing.

Meanwhile, flour sales are generally light, although helped
ing the past week by a few army orders. Here, too, the trade con-
ues to watch Washington developments closely, and the amount of
ges that are being taken out of the pit each day are rather small.
the end of this week, the CCC will for a time at least withdraw
offerings of impounded wheat to mills, but nobody is anticipating
s to any great extent through purchases of cash grain. The result
that spot markets everywhere are rather dull.

Primary receipts were 657,000 bu compared with 593,000 bu
t week, and 350,000 bu last year. Kansas City and Minneapolis
cks so far this week show a total decrease of 330,000 bu.

Trade in grain was again extremely slow; yesterday only 4 mil-
n bu were transacted in the whole wheat pit for all three futures,
even spreading business between months has dwindled to very small
portions. With such bearish wheat statistics both at home and
ernationally people seem to be very cautious in making new commit-
ts, and for that reason our market remains in a rut; final prices
about 3/8¢ per bu higher.

Corn was steady, but likewise volume was extremely disappoint-
. There is still nearly 320 million bu of old corn available for
ort in Argentina, with a new crop about to be harvested. However,
s are scarce, and we are not much concerned with imports from that
ntry. Meanwhile, domestic feeding operations are continuing on a
scale.

Rye was weak and this is one cereal that does not posses much
rinsic merit, even though comparatively cheap.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
AGO BOARD OF TRADE
ORK PRODUCE EXCHANGE
YORK COCOA EXCHANGE
RK COFFEE AND SUGAR EX.
MODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.
CHICAGO

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

March 12, 1942.

After some debate, the House acted favorably upon the bill to
pound agricultural products until parity prices are reached. While
do not claim to be experts on legislative matters, it is our under-
anding that certain differences between the House and Senate will
w be ironed out, but it looks very much as though this measure
uld finally be attached as a rider to the Agricultural Appropria-
ons Bill, which if correct, might make it more difficult for the
esident to finally veto the whole bill, even though he has shown a
stinct distaste for that portion of it which would prevent the sale
accumulations. As we view the picture, final passage might have
psychologically bullish influence for a time, although from a
atistical point of view, it is increasingly evident that there may
enough free wheat until another crop is raised, even assuming that
esent holdings are frozen, and also, that nothing is redeemed be-
een now and April 30th.

We have come to these conclusions after a careful survey, bas-
g our belief on the fact that there was 988 million bu of wheat in
is country on January 1st. Of this quantity, 480 million bu was
ed up either from the current season's loan program or from past
ars. We further made allowance for average domestic consumption of
7 million bu, which is a normal usage from January 1st to end of
ne, and deducted 35 million bu for possible feeding or exports, and
us, concluded that there might be 166 million bu of free wheat in
e country on July 1, 1942. However, if the price should advance to
y extent between now and April 30th, the amount of free wheat would
proportionately increased by the amount of redemptions. Therefore,
e situation is not too bullish except that one must always bear in
nd that next year's loan prices will be at a higher level than the
st one, and that more farmers will undoubtedly be eligible for the
ans, as more and more seem to comply with the program each year.
nsequently, there is apt to be a very large quantity frozen again
t season, and this apparently is what the trade has in mind at the
sent time. Nobody can tell what the storage situation will be,
right now there is very little room anywhere, and, of course,
hout an export outlet, accumulations are finally bound to increase
ess large quantities are held back on the farms.

From Russia, we learn that she is arranging to expand the grain
eage in Siberia and the Volga Region to take the place of the lost
eage in the Ukraine. Furthermore, a considerable increase was re-
ted in fall plantings in these areas, and as they are normally
ing grain regions, it is considered likely that there will be a
erial increase if weather permits.

Little is heard now from Australia, as she seems so busy pro-
ting herself against invasion, although a recent cable from that
ntry stated that rain was needed to facilitate plowing, and in
e areas the soil was too hard and that, therefore, field work
being delayed. Despite shipping difficulties from the Argentine,
vate authorities are not expecting any important acreage reduction
s year. Field work is progressing satisfactorily, and if the sow-
s approximate the 17 3/4 million acres planted last season, this
ld compare with the five-year average of 18 1/2 million acres.

Primary receipts were lighter, at 544,000 bu compared with
,000 bu last week, and 413,000 bu last year. Kansas City and
neapolis stocks so far this week show a total decrease of 488,000 bu.

Markets were firm right from the outset, and some now believe
t prices may advance to a point where redemptions may take place
e profitably. On the whole, there seems to be a slightly better
iment. Final prices were about 1 1/2¢ per bu higher.

Corn was also relatively firm, and this cereal appears to have
rinsic merit; with hogs selling at these levels, feeding incen-
esare naturally great.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
CAGO BOARD OF TRADE
ORK PRODUCE EXCHANGE
YORK COCOA EXCHANGE
RK COFFEE AND SUGAR EX.
MODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
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CHICAGO

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

March 13, 1942

In eight days it will be Spring, and thus Hitler's greatly ad-
ised time for the German offensive draws closer. It may be well
emember that Friday, the 13th, has not always been a lucky day for
Germans. They lost the Battle of the Marne during the first World
on that day and date. Today we are told that 1,750,000 new red
ps have taken the offensive along a 250-mile front in the Ukraine;
wise, U. S. bombers are joining the RAF in attacks upon vital
industrial plants. Thus, the German Calendar, which for a time
he past was accurate, may have to undergo some revisions.

There was very little grain news this morning, although opinions
ashington incline to the belief that if the impounding measure is
ched to the Agricultural Appropriations Bill, possibly the
ident will veto it. This was the reason for a slightly lower mar-
at the opening, although, as we pointed out in our letter yester-
there will probably be ample supplies of free wheat even if the
unding program is carried through. In any event, the CCC has pro-
d that after tomorrow sales of wheat to mills and other commercial
rests would be stopped. This apparently is to give farmers an op-
unity of carrying on redemptions without government competition.
ers apparently are slow in paying off their federal obligations,
are aware of the fact that they have until April 30th to do so,
are still hopeful that higher prices in the interim may be obtained.
the loan price at Chicago $1.15, we would imagine most farmers
d redeem profitably at about $1.26; therefore, there is still a
in of profit to them, and we feel rather convinced that if the
e holds up a considerable quantity of wheat will still be returned
ommercial channels before the time of defaults.

Meanwhile, the statistical picture changes very little. 36 weeks
he crop season has passed with our total exports of wheat and flour
nting to only 15 million bu. Never before have we had a year of such
y production, combined with a large carryover, when our export
et was as bad as it is this season. Canada is doing a better job,
ng cleared nearly 120 million bu since the first of August, or
illion bu more than a year ago --thus has reduced her surplus by
t 104 million bu from supplies held the year before, and yet there
till 520 million bu available for export and next carryover. So
will have a large reserve next August, and may possibly raise a
er crop than was harvested in 1941.

There is some talk in Britain of the switching from white to
n bread, as whole wheat has a higher dietetic value, and further-
, would require smaller shipments from overseas. If this takes
e Canada would be somewhat affected, although it is not a major
e.

Primary receipts were a little larger than yesterday, amounting
25,000 bu compared with 619,000 bu last week, and 459,000 bu last
. Kansas City and Minneapolis stocks show a total decrease of
000 bu. When the visible supply is posted on Monday it will compare
last year's decrease of 2,547,000 bu.

Trade was much more quite than yesterday, and while speculators
a little hesitant, awaiting further developments at Washington,
eems the milling trade had picked up, and there were a considerable
er of hedges taken out of the pit here, which sustained values
r the early setback. In fact, final prices were very little
ged from the previous session, and there is practically no pressure
the country. Farmers are also in a waiting mood.

Corn was a shade lower, but trade was extremely quiet; there
no particular feature. While there may be ceiling prices for hogs
r, it must still be remembered that the present ratio between corn
the finished product is very attractive.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
ICAGO BOARD OF TRADE
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YORK COCOA EXCHANGE
ORK COFFEE AND SUGAR EX.
MODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.
CHICAGO

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

March 16, 1942.

After telling the German people last July that Russian resist- ice had been completely broken, Hitler was forced to admit yester- ay that his army had escaped a Napoleonic fate this winter only by hrowing in its last ounce of energy of body and soul. What had romised to be a spring offensive on his part is now delayed until ummer, and meanwhile Soviet forces are applying heavy pressure in ne Ukraine in the hope of liberating Kharhov. We have previously entioned in these letters that the loss of the Ukraine from an agri- ultural point of view is naturally important, although Russian laims are to the effect that offsets in Siberia and in the Volga egion may produce a good quantity of wheat and other grain during he summer months, particularly as these territories are still able carry on spring planting.

There was very little news otherwise today, although rather idely scattered showers had occurred in our winter wheat belt, and his is beneficial coming just before spring. Within another half onth, we shall be in a period when the proverbial April showers ake place. Strangely enough, May is often a wetter month than pril, but with the fine moisture that is reported almost everywhere, he drought in the important areas is no longer a factor. The general ondition of the crop remains good, although some damage from heaving reported in parts of the Central States, but on the whole, con- tion of winter wheat is satisfactory for this season of the year. ore can be said after we have a few weeks of growing weather.

The government now claims that it has in its possession 121 llion bu of wheat from the 1939 and 1940 crops, and inasmuch as sales are now taking place to mills or to other commercial users, presume that there will be no important change in this figure, at east until May. Of course, reductions in the 1941 loan stock can d will take place between now and April 30th, although at present rmers are not doing much, as they apparently are still hopeful of taining a better market before the time of defaults.

There seems to be very little pressure from the country, but ere was some liquidation today prompted by the great weakness in e. The latter cereal, in our opinion, has less merit than almost y other commodity that we are trading in here, for the reason that shall again have a very large carryover. Deliveries, in spite of e carrying charge, may be moderately large, and the export possi- lities are still slim. A good many people have undoubtedly made rchases on the theory that rye is cheap compared with other grains, d even cheap on basis of $1.05 parity, but, nevertheless, we have en been able to import moderately from Canada, although the recent clines may have put an end to that.

We are not giving the primary movement today, as Peoria, oux City, St. Joseph, and Wichita have been eliminated as reporting ints, and obviously comparisons would be meaningless. However, ere was a fairly large run from the country, and even with these ur points taken out, the remaining ones showed larger receipts an a year ago. When the visible supply was posted, there was a crease of nearly 2 1/2 million bu, with total stocks in all posi- ons 201 3/4 million bu, or practically 75 million bu more than was hand in 1941. Chicago stocks decreased 855,000 bu, still leaving ,798,000 bu at this market. A good part of the shipments from re consisted of feed wheat under the government program.

Our market was only fairly active, and today's declines were rgely in sympathy with the weakness in rye. This prompted some quidation, with the result that final prices were 5/8¢ per bu lower.

Corn was also under pressure, and it is possible that before e end of the month carlot deliveries may take place, as there seems be a scarcity of space everywhere. This has resulted in a moderate dening of the carrying charge, but the fact remains that feeding erations are profitable, and for that reason we do not believe y very sharp break is in sight.

The open interest in rye continues to grow. The visible supply more than 17 million bu compared with less than 5 million bu last ar.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

March 17, 1942.

Shortly after our market opened this morning, it was announced
at General MacArthur had arrived in Australia to assume supreme
mmand of the United Nations in that region. This had a slightly
llish influence upon securities, but grains were very little af-
cted since they seem presently in a rut, and it is rather difficult at
e present level of prices for anyone to have strong convictions,
the picture remains completely artificial. Furthermore, with
nsorship, nobody could even tell much about the progress of European
ops, but this factor is not too important right now, as it is hardly
kely that European imports will increase any during the war. This
es not mean that there are sufficient supplies, because we know to
e contrary that it has been the German policy in occupied Europe
reduce the population to a bare subsistence ration, and dominated
untries are still getting substantially less bread than is avail-
le for the German people themselves. In other countries, it is
ch worse, and we refer now to Greece, where starvation has taken
ace on a huge scale; also, to some parts of Poland and German-
cupied Russia, but apparently, nothing much can be done while
stilities last to help feed those people.

There was quite a little rain reported in the Central States,
t nobody is paying much attention to crop progress, as it is still
ry early. Nevertheless, moisture developments should not be over-
oked, and while nobody can forecast the possible size of the crop
xt summer, it does seem likely that on an acreage such as was
anted, with continued good conditions we might raise not only
ough for our domestic use, but possibly add another 100 million to
e reserve supply. This may finally give us a storage problem,
rticularly as there is so little chance for exporting on a big scale,
d even now in March, there is hardly any terminal space available,
h the result that there might be carlot deliveries here in corn
ward the end of March, unless room for delivery purposes becomes
ailable.

There is nothing definite yet from Canada on the new policy,
hough farmers will undoubtedly receive 90¢ a bu for their wheat
Fort William, Port Arthur, or Vancouver, which would be an advance
20¢ a bu over the figure of last year. In connection with this
ogram, however, the government may set a top limit for deliveries
280 million bu, although we do not believe that these questions
ve been all definitely settled at this writing.

Primary receipts, exclusive of Sioux City and Wichita, were
5,000 bu compared with 841,000 bu last week, and only 405,000 bu
st year. Kansas City and Minneapolis stocks so far this week show
et decrease of 205,000 bu.

There was very little feature to our market, and while pressure
om the country is not important, it is also true that neither mills
processors are buying aggressively at this time. Outside markets
about as quiet as we are, with Minneapolis almost at a full ship-
g difference under Chicago. From a statistical point of view, it
ll looks to us as though there would be enough free wheat without
necessity of drawing upon the frozen stocks from the 1941 crop.
ever, if prices remain at this level or advance slightly, it is
te likely that redemptions may take place, and finally this may give
some new hedges in the pit. At the last May wheat was 1/8¢ per bu
her, while the July delivery advanced 1/4¢.

Corn was a little firmer, and there is no special news, but
h hog prices being well maintained, the farmer is naturally en-
raged to feed, and this we believe will tell the story in due
rse.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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MEMBERS:
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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

March 18, 1942.

Markets have been in a rut for sometime, and domestic prices
ve been so high that changes for exports have been extremely poor.
is also likely that the amount of wheat fed to animals might have
en larger if we had not had prices held at artificial levels. Of
urse, the government did get rid of a fair quantity of wheat for
eding purposes by sacrificing the price, but whether our domestic
nsumption has risen much on that account can better be told after
receive final statistical data for the entire crop season.

It now becomes necessary to revise to a certain extent some
the figures which we have given out recently, owing to the fact
at the CCC has just made an important announcement with relation
the total loans outstanding. At the peak, there was 356 million
of 1941 wheat impounded, and this figure was not far from our own
ess made earlier in the season. In spite of the fact that redemp-
ons do not appear to be heavy from day to day, there has been a
tal of 22 1/2 million bu of wheat repaid, leaving 333 1/2 million
of wheat frozen from the last crop. Previously, it had been an-
unced that there was still 121 million bu tied up from the 1939 and
40 seasons. So all told, we must assume that there is nearly 455
llion bu of wheat removed from commercial channels. In ordinary
ars this would create a very tight situation, but not at a time
en we raised the third largest crop in history, and also, had a
emendous carryover reserve when the new crop started. Using the
vernment's own figure of 988 million bu, which was the stock on
nd on January 1, 1942, and allowing for 307 million bu, which is
e normal utilization domestically from January to July, and adding
this the possible disappearance through exports and animal feed-
g 36 million bu, we must conclude that without another bu of wheat
ing redeemed between now and April 30th, there would still be 190
llion bu of free wheat on hand before another crop is harvested.
our opinion, this is somewhat bearish, as it gives us almost as
ch free wheat as was normally carried over between the years 1931
1940 on an average.

Apparently, flour buyers are pretty well aware of this situa-
on, and business has been continued just on a hand-to-mouth basis.
a matter of fact, shipping directions are difficult to obtain,
while the mills have a good deal of business on their books,
cording to the Northwestern Miller,a lot of shipping instructions
e long past due. A little market strength recently created some
ing interest for a three-day period, but undoubtedly new orders
e again fallen off.

First reports from winter wheat districts are quite opti-
tic. The plant is starting to green up, and there is abundant
l moisture in most localities, according to the weekly government
ort. As a matter of fact, there is standing water in some low
lds of the Ohio Valley, and possibly some damage will result. The
wheat State: namely, Kansas, continues very good to excellent,
ept in some eastern sections, especially southeast. Volunteer wheat
that State may now be harvested although some restrictions are
ng applied.

Primary receipts, including all points today, amounted to
,000 bu compared with 657,000 bu last week, and 548,000 bu last
r. Kansas City and Minneapolis stocks so far this week show a
al decrease of 236,000 bu.

Both corn and wheat held comparatively well until rye broke
rply, and then some sympathetic selling came into these pits, but
the whole losses were but fractional. A good many people are still
uring that the Senate may take favorable action upon the impound-
bill, although as we view the picture, it makes little difference
way or the other. Should there finally be a carryover of 600 mil-
n bu or more of wheat, and one-third of it free, it might be dif-
ult to keep prices finally at present levels.

Corn trade continues light, although volume yesterday was
ctically as large as in wheat. Even with weakness in the March
ivery there seems to be the feeling that feeding operations give
market a sound foundation.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

March 19, 1942.

General MacArthur's determination to build as rapidly as pos-
e an offensive force to smash Japan has brought encouragement to
allied countries, and reports today were again optimistic in re-
l to Japanese sinkings. In the meantime, Hitler's loss of man-
er in Russia and his well known shortage of oil supplies have
tly reduced his range of alternatives.

There was very little news before our market opened this morn-
, although bullish enthusiasm is definitely on the wane. First of
, there was some surprise expressed yesterday that the recent
emptions had been as heavy as they were. After all, 22 1/2 mil-
n bu of wheat has recently been put back into commercial channels
hout a sharp increase in price, and apparently, there are some
ners who are discounting the period of April 30th, which is the
dline for paying off their loans. With Chicago prices still a few
s higher after all charges are paid than the amount producers have
l up in their loans, some are apparently figuring that the time
ment is against them, and for that reason we may finally have a
ger stock of free wheat than was anticipated a while back. This
rally makes for a rather bearish situation, at least from a
istical point of view, but buyers are somewhat restrained in
r actions, because they are figuring that a very large quantity
again be impounded next year, if the loan is in the neighborhood
1.27 to $1.30, basis Chicago. This is altogether likely in view
he fact that parity prices have been raised almost every success-
month, but it is also a fact that if market prices at the time
rop movement are about in line with the loan, a somewhat smaller
entage may be impounded next year, but this is entirely a matter
uesswork.

In the meantime, clearances are small from practically all
tries except Canada, and the latter country does the bulk of the
ness with Britain, due to the shortness of the haul and the fact
her prices are on a competitive basis. However, an announcement
he British Food Minister that after April 6th there would be no
white bread in Britain in order to conserve ocean tonnage will
ably result in somewhat smaller Canadian clearances, although no
tic cut seems likely. Since August 1st, Europe has taken about
llion bu more wheat than a year ago, while ex-European nations
taken about 8 million bu more. This is exclusive of Australia,
while she is fighting for her very existence, the chances are that
rts are of secondary consideration. In the Argentine, last week's
rances were less than a million bu, and very likely, the withdrawal
he Brazilian merchant vessels by government order was responsible
this. They still have a very large exportable surplus on hand.
fficial estimate is 236 million bu, which is 72 million bu larger
the quantity held a year ago.

Primary receipts were fairly good at 759,000 bu compared with
00 bu last week, and 536,000 bu last year. Kansas City and
eapolis stocks so far this week show a total decrease of 264,000

In practically all markets, carrying charges seemed to widen,
with the shortage of space, at this season of the year, we would
e at all surprised to see a further widening tendency, particular-
n those commodities where big surpluses exist. We also under-
d that a fair amount of loan wheat was sold today, despite the
market, and some reduction in the premium. This, together with
al indifference gave us weakness, and at the last May wheat was
1 1/4¢ per bu lower, while the July future declined the same.

Corn declined somewhat, but encountered better buying on
reak. A good many people still feel that with the tremendous
ng necessary to give us the quantities of fats and oils, which
eeded both for domestic and European consumption that operations
continue on a tremendous scale. The only handicap that we can see
e bullish position is the carrying charge, which finally makes
eferred positions fairly high.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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WINNIPEG GRAIN EXCHANGE
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

March 20. 1942.

About half a million farmers of the country have been granted
leral crop insurance protection for 1942. This represents about
of the nation's wheat farmers, and there are more participants
than at any time since the program was begun. In common usage,
urance is the elimination of individual risk through the combina-
on of risks. We doubt, however, whether any bona-fide private
pany could undertake a plan along the same lines as the govern-
t has for the reason that government crop insurance eliminates
lividual risks of farmers, but at the expense of the taxpayer.
ing the last three years, we have had very satisfactory wheat
ps on the sown acreage. Winter and spring wheat together yielded
million bu on an average. Indeed, we would be very fortunate if
harvest during the summer of 1942 would produce that well. In
te of these good years, the Federal Crop Insurance Corporation
d out 1 1/2 million bu more wheat than it collected on premiums;
ides this, their administrative and other expenses since 1939 in
handling of the business amounted to more than $15 million. Thus,
taxpayers bore about $17 million expense to carry out this pro-
m during a period when the yields were very high. Nobody can tell
t it will finally cost them if we ever have a crop failure. In
menting upon this issue, a friend of ours stated: "The net loss
1 1/2 million bu cost the government $10 per bu in expenses to
e it."

When our market opened today, there had been additional rains
orted in parts of the Southwest. This is helpful, as there was
s moisture during the past week in those areas than in most of the
tral States, although, on the whole, rainfall seems ample in nearly
sections, except for a deficiency in the Texas Panhandle.

The carryover feeling from yesterday was somewhat bearish,
with rye going into new low ground on the present move, this
an influence in all pits, with the result that further liquidat-
orders found markets not too well supported. This was especial-
true of soybeans. While the trade in that pit has been extremely
ll in recent sessions, today's selling orders carried the market
the full permissible 6¢ decline shortly after mid-session, although
re was some recovery from that point.

In rye, there was very heavy short covering, but this cereal
less merit than other grains, as we view the situation, and
ides, there is still a very large open interest in May, so that
ther declines would not be surprising.

From a statistical point of view, everything moves along
ier evenly; 37 weeks of the crop year have passed in this country,
yet we have cleared less than 15 1/2 million bu of wheat and
ir. Canada keeps up at a steady pace, having shipped close to
million bu since August 1st --an increase of 26 million bu over
year. This leaves her with a balance of 515 million bu of
at for export or next carryover. The trade, however, is paying
little attention to statistics, crop news, or other data, and
that reason we still have a very small open interest as compared
normal times. There are only 35 million bu of open contracts
he three important wheat futures. To show how much more interest
e is in corn, this compares with an open interest in the latter
al of 67 million bu. However, artificial influences make it too
icult for the average person to try to figure out possibilities.

Primary receipts were 901,000 bu versus 725,000 bu last week,
574,000 bu last year. Kansas City and Minneapolis stocks so far
week show a total decrease of 280,000 bu. When the visible
ly is posted on Monday, it will compare with a decrease a year
of 2,111,000 bu.

There was some short covering of wheat on the theory that
mptions would be small at the present level of price, but on the
e there was no particular enthusiasm; probably the answer to this
he fact that there are still large supplies of free wheat available,
statistically the situation is bearish, with a tremendous carry-
reserve in sight. Final prices were 1¢ per bu lower for the May
, while the July delivery declined 7/8¢ per bu.

Corn held relatively firm, but was naturally influenced at
s by the weakness in other grains; big feeding operations and
prices for hogs are stimulating factors.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

March 23, 1942

There has been very little news surrounding the wheat market for past month or two. The chief influence here in Chicago, and for matter in all domestic markets, is the large amount of wheat that been tied up under the loan, and this, of course, makes prices ficially high. We are in a measure paying the penalty for this, far as our exports are concerned, with only a little more than 15 ion bu of wheat and flour cleared since July 1st, while Canada done eight times as well in a shorter period. Many people thought ier in the season that there would be so much frozen wheat that it t finally create a very tight situation, but apparently, this is the case.

There have been redemptions of 4 million bu in the last week or according to figures given out by the CCC, and this leaves about million bu of wheat that has been tied up from the 1941 crop. ng to this the amounts from previous seasons, there is still about million bu all told that has been removed from commercial channels, ordinarily, this would furnish a rather bullish situation, except the fact that we raised 946 million bu, which was the third larg- crop on record, and had one of the biggest carryover reserves last , so that it is safe to figure that even if no more redemptions place, we shall have close to 200 million bu of free wheat next . This apparently is the reason for the great indifference on of speculators, and it has also tended to keep bakers and pro- ors on the sidelines during recent weeks, with the result that milling demand remains just a hand-to-mouth affair. Furthermore, change in regulations by the AAA, permitting the volunteer wheat age to be harvested has caused a slightly bearish feeling in some ters, even though there are restrictions on those farmers who est the additional grain. The reason is that storage facilities present a problem after the next crop is harvested. Never before istory have we had a reserve stock of 600 million bu or more, h is almost sufficient for an entire year's domestic consumption. , there will be very few holes to fill up once the movement of wheat starts. The Department has recommended that wherever possi- volunteer wheat acreage be used for livestock feed, although in radiction to this, they insist that farmers must store their nteer wheat on the farm, so long as it is subject to a marketing a penalty.

Primary receipts were of fair proportions, amounting to 669,000 compared with 787,000 bu last week, and 749,000 bu last year. the visible supply of wheat was posted, it showed a decrease of 1,140,000 bu. This still leaves over 200 million bu in the vari- reporting points, or more than 75 million bu in excess of 1941. ago stocks again decreased 589,000 bu, and there is about 12 1/4 ion bu left at this market. The government feeding program has taking considerable wheat out of this market.

Trade on the whole was not broad; in fact, this is one of the ons for the recent declines, because absorption has hardly been icient to take care of moderate liquidating orders. The CCC an- ced that, effective today, all offers on corn and feed wheat d be made for April shipment, and the minimum price is 87¢ per bu feed wheat, while the price for #2 yellow corn, basis Chicago, raised 1 1/4¢ per bu to 85 1/4¢. Even this had very little in- nce upon our markets, although we do feel that there will be a ler movement from the country with redemptions dropping off. efore, would not want to press the short side of the wheat market reaks.

Soybeans at one time became very week, and this unsettled the e market, although corn held relatively firmer than most of the r cereals. At the last, wheat prices showed a decline of 1 1/8¢ bu for the May future, while July declined the same.

Up to the present time, we have had very little crop news, and cares of any sort. However, with the advent of growing weather, may become more of a factor henceforth.

Corn still has a good many friends, and those who look at the e of lard, hog products, etc., continue to feel that feeding ations are so profitable that the movement from the country ably will not be an important factor.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

March 24, 1942.

There was very little grain news this morning, but sentiment ter the close yesterday inclined a little more to the constructive le of the market on the theory that recent breaks had created a lthier situation. With an open interest in wheat of less than 36 lion bu, it is quite obvious that long lines are not extended, d consequently, there has never been the feeling that any severe quidation was in sight. Therefore, it is fair to assume that with lemptions having dropped to very small proportions, temporarily the ket might be entitled to a little rally, or in any event, more eadiness might be anticipated.

We shall soon be approaching the period when warm, growing ther will give us a more accurate idea of what might be expected next summer's yields. At the present time, moisture conditions e been satisfactory almost everywhere, and there are only a few lated localities complaining of dry conditions. Kansas, which is largest single wheat producing State in the country, is still in derful shape, according to the Kansas Grain Feed and Seed Dealers' sociation. Spring showers have kept the top soil moist, which, with abundance of subsoil moisture, has caused the crop to come out of ter dormancy in excellent shape. Up to the present time no figures e been given on the probable abandonment of wheat, and it is still early for that.

After the close of the market today, we shall have a govern- t report dealing with farmers' intentions to plant, and this re- t will include corn, spring wheat, oats, barley, flax, and soybeans. far as wheat is concerned, we doubt whether the forecast will n very much. Undoubtedly, producers will put in all they can, ac- ding to their restrictions, since soil conditions are favorable, whether we shall finally get as satisfactory yields in the North- t as were obtained in 1941 remains to be seen.

It is naturally difficult to get information concerning the d situation in the occupied countries of Europe. Since many of se countries were formerly heavy importers of wheat and other grain, would seem that great suffering must be taking place unless relief offered by Germany. There is actually reason to believe that of main deficiency countries of the Western continent, Belgium and land are probably importing some of their necessary supplies from theastern Europe, although in neither of the countries just named ld the quality of the bread be comparable to pre-war standards. Broomhall points out, all reserve stocks of grain except in Germany e long been eaten up, and besides this, during the past two years vests have not been good. Probably the two countries which are sently suffering the most are Poland and Greece, but even with ine conditions which exist there, it is doubtful whether Germany lending much aid.

Primary receipts were 779,000 bu compared with 755,000 bu t week, and 457,000 bu last year. Kansas City and Minneapolis cks so far this week show a net decrease of 55,000 bu.

Trade on the whole was quiet, but allmarkets had a good under- ; possibly the fact that cotton prices were higher may have en- raged those who are awaiting developments of a political nature n Washington. Soybeans also showed more rallying power, but we eve that advances in wheat will be limited, as between now and l 30th there undoubtedly will be redemptions if prices rise a few s from here. At the last there was an advance of 1¢ per bu, both May and July going up in the same proportion.

Corn was indifferent, but trade was very light; there were a more hedges which had to be absorbed; also bookings from the ntry were slightly larger, but other factors were unchanged.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

March 25, 1942.

After the close of the market yesterday, the government issued eport on the prospective plantings for 1942. Spring wheat acreage forecast at only 15,287,000 acres, which was a reduction of ut 1 1/2 million acres from that sown a year ago, and was 6 1/2 lion acres less than the ten-year average, 1930-39. It is still ogether possible that with favorable weather conditions at seed- ; time the reduction may not be as great as is now anticipated, in any event, we feel that the removal of restrictions by the ernment, which now permit harvesting volunteer wheat in the South- t, more than offsets the slight acreage cut in the spring wheat as.

As everyone knows, it is still not possible at this early e to estimate accurately production of crops. The Robinson Elevators ord for analyzing conditions and forecasting future events has n so good that we unhesitatingly quote some of their remarks from especially optimistic report on the wheat crop in Kansas. They that since seeding time last fall weather and moisture conditions e been almost perfect, and in their opinion, with ordinary growing ditions, the seeded acreage should come through with better than mal yields. They even foresee the possibility that with the unteer acreage the crop may be larger than last year's production 173 million bu. In view of all the facts now at hand, we still l that the United States may raise considerably more wheat than required for domestic uses during 1942-43. Therefore, with the r export outlook, we shall probably continue adding to our reserve cks unless the war should end, and thus bring in a greater demand m the starving and war-ridden countries now unable to get over- s supplies.

Our market opened with a firm undertone after yesterday's ength, and again higher prices for cotton created a slightly bull- sentiment for a time. The trade still had in mind that cotton the advance earlier in the year when legislative matters were of me importance, but we rather suspect that firmness in cotton is now ed on the actual supply and demand factors, with the Army and Navy chasing tremendous quantities of cotton goods. Therefore, we see special reason for bulling the wheat market on that account. In , if the wheat price should advance a few cents from this level, her redemptions might be very large; thus, there seems to be a ing over the market.

Primary receipts were smaller at 467,000 bu compared with 000 bu last week, and 477,000 bu last year. Kansas City and eapolis stocks so far this week show a total increase of 67,000 so that a few accumulations are now taking place.

Shortly before mid-session soybeans became rather weak, and influenced the whole list, but chiefly wheat and rye. To show the laws of supply and demand are still functioning, we call at- ion to the government forecast of slightly over 14 million acres e sown to soybeans this coming year. While it had been fully ex- ed, it is nearly three times as much as was planted on an average ng the years 1930-39. We are convinced that the price being suit- to the farmer, encouraged him to sow heavier, although he may have influenced to some extent by the government's plea for acreage nsion due to the shortage of fats and oils. At the last, May t showed a decline of 3/4¢ per bu, while the July future was off .

Wonderful moisture was reported in the Southwest, and seems e working toward the Central States. While this had very little uence upon the wheat market, it does assure the crop of getting to a fine start.

Corn held fairly well, and while there will probably be 4 ion acres more planted this season than last, it is still a reduc- of 10% from the ten-year average. Still, with so much hybrid employed, final results might be as good, but the trade has in that the domestic disappearance will be enormous owing to the ing program.

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CHICAGO MERCANTILE EX.

March 26, 1942.

In ordinary times, Britain is the largest importer of wheat,
l in fact, takes about half of all European imports. At the present
e, she is naturally faced with the necessity of conserving as
h ocean tonnage as possible, and has already decreed that pure
te bread can no longer be had. So with certain admixtures there
been some saving effected, but now she has gone still further
l is giving special consideration to increased production and is
ing farmers to grow wheat even on poor land. This marks the
st occasion of such a program in the United Kingdom. During recent
otiations when price schedules were under consideration, many
mers claimed that maximum acreage could not be had unless the
ce were fixed at a high enough figure to make wheat raising pro-
able even on the worst type of land; but a compromise was
ally reached, whereby in special cases additional compensation
ld be given to farmers whose lands were poor, and this is being
dled by the War Agricultural Executive Committee. The rank and
e of farmers are receiving a guaranteed price of about $1.71 a bu,
which will be added carrying charges from time to time for stor-
the grain as the season progresses. This has been considered a
r settlement, owing to the fact that many farmers have had to
e up livestock feeding and many other agricultural pursuits in
ch they formerly engaged, and it is also thought that the higher
ce will stimulate production rather materially. During World War 1,
took about four years before Britain actually adjusted her agri-
ture and attained maximum production.

It is possible that the countries having surpluses may find
a little more difficult to ship under these circumstances, al-
ugh it is hardly likely that England will produce more than 90
possibly 100 million bu, even with an expanded acreage. The world's
ryover of wheat is bound to be large until we come to the post-
period, and in the meantime, the question of storage is becoming
roblem everywhere. Before the winter wheat has shown much growth,
eady there is talk of a possible embargo during the summer months,
in any case, it is thought likely that shippers will have to get
oading instructions for their cars before being able to move
in from the farm. Of course, growers will be urged to cooperate
every way possible, since freight cars are necessary for hauling
material, and while formerly a few days' demurrage might not
caused any great inconvenience to the railroads, everything is
irely changed at this time.

Primary receipts were just moderate at 525,000 bu compared
759,000 bu last week, and 619,000 bu last year. Kansas City
Minneapolis stocks so far this week show a net increase of
000 bu.

Markets became a little more active around mid-session, when
and soybeans showed rallying power. This also influenced the
t market, with some short covering in evidence. There were a
crop reports from Texas, which spoke of green bug damage, but on
whole, crop news is still very good, particularly with the ad-
onal rains which have fallen during the past few days. At the
, there was an advance of 5/8¢ per bu for the May future, while
July delivery went up the same.

Corn was also very firm, and the main influence in this
al is the satisfactory feeding relationship with hogs and cattle,
hat no important pressure from the country is to be expected.
the time being, however, government selling seems to take care of
ercial requirements.

In beans, with the loan on the new crop $1.65, and freight to
ago, which might average 12 to 15¢ per bu, we feel that farmers
hesitate to sell at current levels. This is particularly true
he shortage of fats and oils so widely advertised develops in
way that now seems possible.

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CHICAGO MERCANTILE EX.

March 27, 1942.

The carry-over feeling from yesterday was slightly bullish, and some considered that crop scares might be a more important influence upon the market from this time forward. It is true that a few reports of green bug damage were had from Texas, but whether the final crop is 20 to 30 million bu larger or smaller can really make very little difference when we are dealing in billions of bushels, and will probably carry over almost enough wheat next July to take care of a whole year's domestic consumption. On the whole, prospects seem to be good everywhere; we base this statement on the moisture situation, which is paramount. As proof of this, we need only point to the drought years when yields were so small, and when for three successive seasons there was less wheat raised in this country than was needed for home utilization. We have never yet seen a crop destroyed by green bugs, worms, or other pests, although, undoubtedly, a partial toll was taken as a result of these various diseases, and prevented bumper crops from being raised more often.

In the Northwest, seeding was fairly general along the North Pacific through North Dakota and Montana, but heavy moisture over much of the northwest territory brought a halt, at least temporarily, to operations. In the northeastern part of North Dakota, and northern Minnesota a heavy snow fell about a week ago, and will mean additional delays, but on the other hand, it has placed the ground in wonderful shape for seeding. There seems to be no shortage of moisture in any of the important areas, and once the seed gets into the ground, the plant should certainly get off to a fine start. In this respect, it is a better outlook for the Northwest than was had during many of the recent years.

Of course, it is true that an acreage decrease of 8.7% from the 1941 sowings has taken place, and it is 30% less than the ten-year average, but yet we are convinced that owing to restrictions, farmers have used their best soil and will cultivate extensively, o that finally results might be very good. In trying to calculate otal United States acreage, it must be realized that Illinois, Iowa, nd Missouri were prevented from completing their intended winter wheat acreage last fall because of wet weather. However, even after aking off one-half million acres for this deficiency, and adding the ntended spring wheat seeding, we should have a total of more than 4 million acres seeded for the 1942 crop. This, however, does not llow for such volunteer wheat as may be harvested as a result of he recent ruling of the AAA-- possibly an additional 3 million cres falls in the latter classification.

Primary receipts were very moderate at 475,000 bu, compared ith 901,000 bu last week, and 400,000 bu last year. It seems that edemptions are very small, and thus the movement from the country s less than when wheat prices were at a higher level. At Kansas ity and Minneapolis, stocks so far this week show a net increase of 18,000 bu. We shall probably have a small decrease in the visible upply next Monday; a year ago, there was a shrinkage of 2,175,000 bu.

Another week is about to close, and statistically, there is ittle news of any consequence. Our domestic shipments were small, nd for thirty-eight weeks, we have cleared only 15 3/4 million bu of heat and flour; consequently, there is still available for export nd next carryover 645 million bu. This is after allowing for a domestic consumption of 670 million bu. Canada has shipped somewhat less han 130 million bu, which is an increase of 27 million bu over last ear, but in spite of it has total remaining stocks of 510 million bu fter deducting home needs, which are computed at 15 million bu more han in 1941, owing to additional feeding.

In our own country, crop news is especially good in parts of the South- st; winter wheat in the western two-thirds of Kansas is making excellent growth, with all areas having plenty of moisture for present needs. It is not very often that the extremely western portions have s much rain or snow, but generally when they receive it, the crops e good.

With no particular buying power, final prices showed a decline 5/8¢ a bu for the May delivery, while the July future sold down 3/4¢.

Corn was quite firm at times but fractional losses were finly sustained in sympathy with declines in other pits.

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CHICAGO MERCANTILE EX.

March 30, 1942.

There was very little grain news this morning, although the CCC has given a fresh picture of the situation relating to wheat redemptions and the amount left frozen. There was a total of 356 million bu of wheat impounded from the 1941 crop at the peak, of which approximately 28 million bu has been redeemed to date. Farmers repaid loans on about 1 1/2 million bu during the week, and while this amount is not large, it does show a tendency toward paying offobligations if the price is at all attractive. We must, therefore, conclude that if firm markets occur, finally more grain will be returned to commercial channels. In any event, there is still 328 million bu of wheat tied up from the current season, and about 121 million bu from past years, or a total of 449 million bu. It is also interesting to note that farmers have defaulted and already delivered to the Corporation, 8 million bu of wheat. This has a certain interest because with a group of producers already in the latter category, there is hardly any chance that the government will, under these circumstances, renew the loans on wheat held in terminal houses beyond April 30th. On the other hand, they have expressed willingness to extend the loans for one year on that portion of the wheat which is stored on farms, and this accounts for nearly 118 million bu.

Other routine news which ordinarily influences our market is almost unnoticed during this period of artificiality. World's grain shipments were somewhat over 6 1/4 million bu, or about the same as last week, and not much under those of last year. In these calculations, Australia is not reporting, while India, Black sea, and other countries are furnishing nothing; therefore, there are only two sources to be watched: namely, North America and the Argentine.

According to the Searle Grain Company of Winnipeg, Britain is becoming greatly concerned about her supplies of foodstuffs, particularly about certain animal products, such as bacon, cheese, and eggs. These are essentials which have to be imported in large quantities, and as our informant points out, more and more of these foodstuffs are being sunk in transit. The latest idea in England is to eat more vegetables and fruits, so that less bacon, cheese, eggs, and butter will have to be sent from overseas. In addition to the larger acreage sown towheat, both farmers and city people have been asked to grow a victory vegetable garden.

Primary receipts were again small today at 516,000 bu compared with 669,000 bu last week, and 711,000 bu last year. When the visible supply was posted, it showed a decrease of only 1 1/4 million bu; this leaves total stocks in all positions at under the 200 million bu mark for the first time in a long while. However, there is still 76 1/2 million bu more on hand than in 1941 same date. At Chicago, stocks decreased 206,000 bu, but we understand the amount of feed wheat currently being sold is on a small scale. There is 12 million bu of wheat left in this market, which seems ample, especially with Minneapolis almost at a full shipping difference under us.

The wheat market was rather colorless during a good part of the session, and at times houses with southwest connections were apparently putting hedges into the pit, but these were fairly well absorbed; toward the last when soybeans and rye became very strong, the market rallied quickly with the result that final quotations were unchanged for the May delivery, while July was 1/8¢ per bu higher.

Locals became more active in corn, and sentiment is bullish on the theory that hogs are now selling at the highest level since October 19, 1926. Therefore, feeding operations are on a very favorable scale, and gradually the government is getting rid of its accumulations. Meanwhile, offerings from the country are comparatively light, and it is felt that this will all be reflected later in higher prices.

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CHICAGO MERCANTILE EX.

March 31, 1942.

After the close of the market yesterday, new parity prices for major commodities were announced by the Department of Agriculture, and wheat was raised nearly 1¢ a bu, bringing the present level to 1.308. Apparently, the articles which farmers buy are still following an upward trend, and if this continues to be the case between now and May 15th, next year's loan price will finally be based on a still higher parity level, so that we can easily foresee that farmers, according to the program will be getting a loan somewhere between 15 to 20¢ a bu higher than was the case last season. Despite all talk at Washington of trying to curb inflation, they have apparently not changed their method yet of handling this particular phase of the program. Thus, there will be a very large quantity of grain again impounded during the 1942-43 season, although there may be some restrictions on farmers who ordinarily send their wheat to terminal markets to obtain the loan, as storage is pretty well filled, even now, and there seems little likelihood of improving this picture owing to the fact that our exports are almost at the lowest level ever reached. With Canadian and Argentine prices so much more attractive, Britain naturally does not take her supplies from here, and since she is the chief user we are, of course, feeling this, and accumulations continue.

There is some talk that farmers in the Northwest are inclined to redeem their loans on farm storage wheat, and in this way get the grain moved out in order to make room for the new crop. Should this be done extensively during the next thirty days, it would, of course, tax facilities even more, and it may come to a point where the government will urge farmers to keep as much of their crop on farms as is possible. While it is true that the high loan has been instrumental in bringing wheat growers the highest income in 1941 that was received at any time since 1929, this has been at the expense of building up tremendous reserves, and on July 1st of this year, the carryover will probably be in excess of 600 million bu.

Canada has pursued a different policy, and for that reason wheat farmers in the Prairie Provinces received only $168 million for their crop last season compared with $182 million the previous year, and $389 million in 1926. During the boom period, producers received as much as $440 million, and that was 1928. However, they did keep their wheat at competitive levels, but in order to compensate the farmers in another way bonus payments were made by the Dominion Government under various schemes, including the Prairie Farms Assistance Act and the Wheat Acreage Reduction Policy. Thus, farmers were able to hold on to their land even during a trying period, while at the same time Canada was in position to take care of almost the entire wheat requirements of Britain. Canadian farmers also devoted their attention to livestock, and during 1941, they received $174 million from the sale of animal products, compared with $127 million in 1940, $98 million in 1939, and only $94 million in 1926.

Primary receipts today were only 436,000 bu, and carlot receipts in the Northwest were extremely light, but in spite of this fact, Minneapolis stayed at a big discount under Chicago; a week ago primaries were 779,000 bu; last year they amounted to 568,000 bu. So far this week Kansas City and Minneapolis stocks show a net decrease of 205,000 bu.

Trade was not particularly active, although there was again spreading between wheat and corn, as many believe that the difference will narrow. Yesterday, there was again a larger trade in corn than in wheat, and local sentiment feels that the yellow cereal has more merit on account of the heavy feeding and high prices being paid for hogs. Current factors in wheat hardly change from day to day; therefore, prices depend almost entirely upon the character of orders that come into the pit. However, during the next thirty days advances are almost sure to bring out heavier redemptions. Last prices showed a decline of 1 1/8¢ per bu for May wheat, while the July delivery was down the same. Milling demand is still from hand to mouth, and not many hedges are being withdrawn.

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CHICAGO MERCANTILE EX.

April 1, 1942.

Ordinarily at this time of year, crop and weather reports are most important and are being watched carefully, but with so much surplus grain in exporting countries, nobody pays much attention to matters of this kind. In the past, there was often a very large export business consummated during March and April for wheat that was to be shipped from gulf ports during July and August, and the only way that exporters could protect themselves was through the purchase of new crop futures. These were very often sold by speculators, but during those periods crop scares were most effective, because when any short covering took place, invariably buying in the pit brought about sharp advances. There is nothing of this kind taking place; in fact, we have just the opposite position, with practically nothing being shipped to Europe, and, of course, nothing being contracted for several months ahead. Therefore, the inroads that are being made upon accumulations are just those which take place as normal domestic consumption progresses, and this seems to be rather slow everywhere.

There is no material change being reported in the condition of winter wheat, according to the government weekly report, and, as a matter of fact, the all-over outlook remains favorable. It is still too early to determine the amount of winter killing, but we assume that the percentage losses this year will be small, owing to satisfactory moisture conditions which prevail, and also, the fact that the winter was not particularly severe. There are fewer private experts than in the past, and we, therefore, have to rely more upon the official figures, which will be published later in the month. However, Mrs. Miller has estimated the possible winter wheat production at 646 million bu, but qualified her statement by saying that it was too early to hold a definite view on the acreage that may finally be abandoned. The Department of Agriculture in its last resume was not quite so optimistic, as they had looked forward to a winter wheat crop of 631 million bu and a spring wheat crop tentatively placed at 164 million bu. However, even this would give us a total yield of 795 million bu, and adding to it the prospective carryover of 630 million bu, we would be starting off the season with total supplies of 1,425 million bu, or a high record for all time. It is not likely that domestic utilization for the coming season will exceed 675 million bu; therefore, if the war should continue and we can export, say only 50 million bu, which might prove to be large during the crop-year 1942-43, it can easily be seen that there is yet no end to the problem of accumulations.

The Directors at their meeting yesterday banned carlot deliveries during the last three days of the month, fearing a shortage in storage space, and also having in mind that it is unpatriotic to use railroad box cars for the purpose of storing grain. It is rather difficult to forecast what effect this may have upon the relationship of cash and futures during the crop movement.

Primary receipts were exceptionally small today, at 310,000 bu compared with 467,000 bu last week, and 468,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 268,000 bu.

Trade was not particularly active, possibly the same as yesterday when less than 5 million bu were transacted in the wheat pit. A little changing took place between July and September contracts, narrowing the carrying charge, but nothing important. We still believe that with all elevators practically filled before the new crop starts to move that differences will finally widen somewhat, and so long as July wheat stays at approximately the price at which the new loan may be established, there is some question as to whether the percentage of grain going into the 1942 loan will be as large as some people believe. At the last, prices were 1/8¢ per bu lower for the May delivery, while July wheat declined the same.

Corn was slightly reactionary, and trade in the pit less active than recently, but most people still feel bullish on the theory that hog prices will be maintained, and that the farmer, being induced to feed, will never force his grain upon the market.

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CHICAGO MERCANTILE EX.

CHICAGO April 2, 1942

There is no similarity between events of the present time and those of the last World War. From 1914-18, world wheat shipments averaged about 522 million bu annually, of which the United States was furnishing 216 million bu, or 41% of total requirements. This, of course, brought about tremendous activity in all lines of the grain business. It is true that in 1915, we raised the first billion-bushel wheat crop, but this was followed the next year with a crop of only 634 million bu, which was hardly enough for our domestic requirements. In 1917, the outturn was again very poor, for in that year we raised only 619 million bu, so that there was a ready demand for all available supplies. Consumption by the armies in Europe increased, and ships were destroyed to the extent that about every tenth vessel carrying foodstuffs which started across the ocean never reached its destination. The government made its appearance in the grain markets at that time, appealing to our farmers to increase production, and finally guaranteed the price of wheat at about $2.20, in an effort to raise enough food for the allies. In spite of these great efforts, when the war ended, surpluses were extremely small, and it was about 1921 before the world received sufficient quantities for its normal requirements.

When we look about us today, and figure on the possibility that we may raise a total wheat crop of 800 million bu this summer, with little chance of getting this grain into exporting channels, we can see nothing but further accumulations. This, together with the prospective carryover of about 625 million bu, which is about three times the normal, naturally acts as a damper on any bullish activity, even though artificial influences are still at work, and high loans are causing a large percentage of the surplus to be frozen. Crop conditions in Europe are not good, with the exception of the British Isles. A very severe winter is said to be causing a heavier abandonment than normally. Furthermore, the land was not too well prepared last fall; fertilizers have been insufficient, and moreover, man power has been used so much in other lines that this, together with the lack of adequate equipment, may be an important factor in producing smaller wheat crops on the Continent. But all of this will not help the general situation, as the surplus countries have practically only one large customer: namely, Britain, and the small quantities which may be shipped to Switzerland, Greece, and Spain will not make up for the other outlets which would ordinarily be afforded.

Our market was never very strong, despite the fact that there is very little short selling here, and most people are cautious because they feel that with the very high loan for the 1942 crop, it would be unwise to anticipate any great depression in values, as this would only put more and more wheat into the impounded supplies and bring about greater artificiality.

Primary receipts were again small at 361,000 bu compared with 525,000 bu last week, and 585,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 391,000 bu. This suggests a moderate shrinkage in the visible supply on Monday, and will compare with a decrease last year of 1,342,000 bu.

Trade was not active, although at one time stop-loss orders were uncovered, and wheat prices slumped rather quickly, but at the last there was some recovery in sympathy with soybeans and the firmness in corn. Final prices were about 3/4¢ a bu lower.

Corn held relatively firm, and hogs today sold at $14, which was the highest level in sixteen years. This is giving encouragement to those operating on the constructive side of the market. They were also heartened by a report from the Department of Agriculture forecasting increased production of livestock, and a statement that feed prices were likely to average higher next season than during the current one. The incentive for feeding is so tremendous at the moment that we can hardly imagine farmers will be willing sellers of grain when they can do so much better by eventually selling the manufactured product.

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CHICAGO MERCANTILE EX.

April 6, 1942.

Shortage of storage space is becoming a greater problem right long in all of the surplus countries. The Argentine government may very likely aim to reduce the annual output of wheat to a figure which ould be handled under wartime conditions. Domestic consumption in hat country takes care of only about 100 million bu, and possibly 40 o 50 million bu of wheat is needed for neighboring countries, but ith the great shortage of ocean tonnage and the long haul, Europe an take only an additional 50 million bu at the outside. Thus, when here is a crop in excess of 200 million bu, it becomes a burden. The last wheat crop was of very high quality and will apparently store ell, and it seems to be the intention of the officials to let it remain in the hands of producers or else in flat warehouses in the ountry rather than to permit port facilities to become congested. The government also has another problem, and a very important one: amely, that of finance. The National Bank recently advised the govern- ent that it cannot allow its present heavy overdraft to be increased, nd unless some alternative solution for financing the movement can e found, Broomhall says it would appear that marketings are in danger f being held up for lack of cash. Last year's barter arrangement with Spain was one-sided, and the latter's failure to carry out her under- akings in 1941 may reduce further Argentine wheat shipments to a smaller scale.

Australia is planning to sow the same acreage as last year, lthough a slight reduction is possible owing to an acute shortage of ertilizers. That country has naturally been dealt a heavy blow by he loss of her markets in the Orient, but the wheat industry was ortunate in receiving valuable support from the British government, hich undertook to buy, and if necessary to store, half the estimated urplus available in any one season. The result is that the British overnment now owns a very substantial quantity of wheat held in ustralian elevators.

In our own country meetings are taking place in an effort to essen the congestion, insofar as is possible when the new crop comes n the market. Meanwhile, three-fourths of our crop season is over, nd during these thirty-nine weeks, we have cleared only 16 million u of wheat and flour; thus, there is still available for export and ext carryover nearly 645 million bu after allowing fully for domestic tilization. Consequently, there is not much empty storage space in pril, and in that respect, it is a most unusual situation. On aturday the CCC announced that 33 million bu of wheat had been re- eemed from the 1941 crop. This suggests that about 5 million bu as repaid during the past week, and since there was 356 million bu rozen at the peak, there still must be 323 million bu tied up, al- hough on about 9 million bu defaults by farmers have already taken lace. At the present level, we doubt whether further repayments can e made on a satisfactory basis, so that together with the 117 million u that had been impounded from previous years, there is now about 40 million bu all told removed from commercial channels. On basis f the March 15th wheat parity price, next year's loans would be in he neighborhood of $1.28 at Chicago, and since there is a very good hance that this artificial situation will take another large quantity rom the usual trade channels, one must naturally take into considera- ion what possible effect this may have upon the price structure. In ur opinion it may prevent very sharp declines.

Primary receipts were slightly larger at 689,000 bu compared ith 516,000 bu last week, and 989,000 bu last year. When the visible upply of wheat was posted, the decrease was less than one million bu, eaving total stocks in all positions in excess of 198 million bu,

(OVER)

or practically 77 million bu more than for the same period in 1941. At Chicago, there was a decrease of 142,000 bu, leaving less than 12 million bu in this market.

During the early part of the session small selling orders cam into the pit, and this apparently uncovered stops, with the result that a sharp break took place. However, with the firm undertone in corn, higher prices for soybeans and cotton, reactions were almost as rapid, and at the last May wheat was 1/8¢ per bu higher, while the July future advanced 1/4¢.

Corn was never very weak even when the leading cereal declined, and with hogs selling at present levels, it is felt that feeding operations will continue on an extensive scale. Furthermore, it is felt that pork will remain in great demand, not only as an essenti war food for home use, but also because of large supplies which will be needed for lend-lease purchases. Thus, all feed grains should be in good demand as far ahead as one may reasonably observe.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

April 7, 1942.

From a statistical point of view, conditions surrounding the wheat market hardly change from week to week, and, therefore, the trade continues to look to other factors for its inspiration. There has not been a great deal of news from Washington during the last few weeks, and just what progress is being made on legislation to impound the government's holdings, nobody can tell, but there is more and more talk of freezing wages and the price of various articles. So with this in mind, no one can have definite convictions that we shall finally have a law on the statute books to encourage a further upward trend in agricultural products. In the meantime, there are many normal factors which under ordinary circumstances would point toward advances unless curbs or restrictions are effected, and one of these factors is the tremendous government buying under the Lend-Lease program. The most recent is the announcement by the Department of Agriculture that they will purchase from the various meat packing plants of the country about 40% of their total pork production during the next three to six months. At the present time, we have ceilings on lard prices, but at least sentiment is a little more friendly to the constructive side of the markets generally, particularly since the advance in hog prices continues, with today's values registering further gains of 10 to 15¢. Consequently, feeding operations are bound to be on a tremendous scale, although this may take time before it is fully felt.

In wheat, the loan price at Chicago may be in the neighborhood of $1.28 to $1.30 when next season's program is finally established, and thus, sizeable quantities will probably go into the impounded stock again, thereby taking a good deal of the pressure away from the market which is ordinarily felt during the period of crop movement. Even assuming that there will be 200 million bu or more of free wheat in the carryover, this would take care of only about two-fifths of our domestic grinding consumption, since about 500 million bu of wheat is used for flour and various other human food products. On the strength of these calculations, there seems to be a little buying whenever prices decline sharply, as was the case yesterday, but yet the volume of trade increases only moderately, with less than 9 million bu having been transacted in the wheat pit on Monday. The open interest, which is less than 36 million bu, is still extremely small considering that we have almost 200 million bu of wheat in the visible supply, but the reason for this is that a good many people are apparently not hedging their grain, feeling that with the government efforts to support prices, the usual hedging facilities are not as necessary as they were in the past. Furthermore, a good deal of wheat at terminal markets is not privately owned, and, therefore, does not have to be hedged.

Primary receipts were just moderate today at 540,000 bu compared with 436,000 bu last week, and 765,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 144,000 bu.

During the early part of the session prices ruled firm, and there seems to be no new pressure from the country; in fact, it would probably take a better incentive to release much redeemed wheat from farmers, but on the other hand, crop prospects on the whole remain very good, with moisture conditions better than average; therefore, when new buying power lags the market seems to react on just small sales in the pit. Final prices showed declines of 1/4¢ per bu for the May future, while the July delivery was down the same.

Corn lost a little ground after early firmness mostly in sympathy with wheat, but there was no particular feature except that the cash basis was slightly easier.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

April 8, 1942.

There was further moisture in the Southwest overnight, and some of the dry areas in the Texas Panhandle had been favored, and this is considered very important, as they had been complaining that the top soil was drying out and that rains were rather badly needed. Taking the crops as a whole, we find that conditions are pretty satisfactory for this time of year, particularly in the Southwest. The Kansas Weekly Report was quite optimistic, and winter wheat is making excellent growth, already jointing in some of the southern counties. There have been heavy rains in the eastern half, and also in the south, but more rain is needed elsewhere, although snows occurred today in the west. The subsoil moisture is probably better than average, owing to the good moisture that was had during the winter months, and for that reason hardly any complaints are coming to market. The most serious are in connection with green bugs, but these apparently cover rather small areas and are confined mostly to Central Texas and southern Oklahoma.

In the meantime, the flour business is almost as dull as the speculative trade, and apparently for the same reasons. Everyone knows that if a sharp advance takes place during April, redemptions will increase, and with this in mind, there is no particular incentive to make forward purchases of flour. The result is that new bookings have been very light during the past week, and according to the Northwestern Miller, orders have been coming in very slowly. Southwestern mills booked only 15% of capacity compared with 79% the previous week, and 44% for the corresponding week a year ago. In the spring wheat areas, sales were also very poor at about 17% of capacity compared with 25% the previous week and 75% in 1941. Also, the long-expected increase in shipping instructions has not arrived and as a result operations are suffering, with many mills now running to build up warehouse stocks. As the same authority points out, the present dullness is a result of apparent overbuying earlier in the season by the rank and file of the baking industries.

Meetings have already been held in St. Louis and in Chicago in an effort to avoid congestion when the new crop moves. Further meetings are now taking place at various other markets. Owing to the fact that holdings of old crops are the largest on record, about the only solution seems to be in holding greater quantities of grain on the farms after it is harvested. Experts of the Department of Agriculture are in attendance with warehousemen, railroad executives, and grain dealers, as well as farmer co-operatives, but with the prospective carryover of 630 million bu of wheat, which is about three times the normal, we are naturally faced with a very serious situation. A reserve stock of that size is practically equal to a year's domestic consumption, so that we shall really be dealing with two crops by next July or August.

Our export sales are still extremely small and offer no particular relief. Britain seems to be getting most of her requirements from Canada, and at the moment very little Plate wheat is being shipped to Britain. Tonnage continues scarce, and according to Broomhall, the prospect of purchases in the Argentine is not very bright, at least between now and the summer months. As a partial offset, Spain has made an arrangement to buy about 6 1/4 million bu of Argentine wheat by next July, and payment will be partially guaranteed by local industrial concerns. The matter of finance is rather important because of the fact that the barter plan which was in operation last year had turned out so badly for the South Americans.

Primary receipts were very small at 340,000 bu compared with 510,000 bu last week, and 517,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 246,000 bu.

There was very little feature to the market; small liquidating orders, together with some reaction in corn, brought about declines, with the result that May wheat was finally 1/2¢ per bu lower, while the July delivery declined 3/8¢.

In corn some hedging sales were in evidence, and this may have been against government purchases. However, the country itself remains in a bullish frame of mind, owing to the more than satisfactory feeding relationship. Therefore, we believe that purchases on breaks should be encouraged.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

April 9, 1942.

Yanks and Filipinos on the Bataan peninsula went down fighting violent battle, after having been under incessant pounding from land, a, and air by vastly superior Japanese forces. This had a somewhat arish influence upon the stock market, even though our troops had ld out much longer than seemed possible a few weeks ago. Sympathetic clines took place here on the Board of Trade, with early buying power ther thin. The carryover feeling from yesterday was a little bit arish in wheat owing to the fact that May liquidation had started, d it seems that during the month of April, at least, it will not be sy to find new buyers, as most people recognize that advances of 3 4¢ a bu might easily bring out impounded wheat, as growers are not kely to give up any possible advantage if they can liquidate their ligations to the government and obtain a slightly higher market ice for their grain. On the other hand, there is no great amount bearish pressure being exerted anywhere for the reason that next ar's loan price may easily be 13 to 15¢ a bu higher than the last e. On basis of the March 15th parity figure, it is altogether pos- ble that farmers, if they can get storage, will obtain a loan of out $1.28 at Chicago, and thus a good deal of wheat from the next op may again be frozen. After the 1st of May, some of the un- rtainties which now exist may be clarified, particularly as we shall ve a better idea of how much free wheat is available. In all of our lculations we have been figuring that only nominal quantities of ain would be redeemed, but, of course, the next three weeks will tell e story.

News from other parts of the world is given very little at- ntion. However, accumulations in the Southern Hemisphere are bound increase owing to shipping difficulties, and at the present time, avy rains have been experienced in northern parts of the Argentine, ich caused some local flooding, but generally the land is in splendid ape for plowing. Wheat and flour shipments are down to small pro- rtions, although about 500,000 bu has cleared during five days of st week for the United Kingdom, showing that at least when prices e in line some demand is encountered, even though the shipping ndicaps are great. The exportable surplus of Argentine wheat and our is estimated by Broomhall at slightly over 219 million bu, of ich nearly 65 million bu is stored at the chief ports. The Grain ard's selling price for wheat is 55 3/4¢ in our money and 33 1/4¢ r corn, thus an entirely different price structure than we have here. e picture in Australia is less favorable, as the ground is dry in ny sections; in fact, field work can hardly continue. However, ntion should be made that it is still early in the season, and pre- ipitation from now on could change the outlook.

Canada is still the one country doing the bulk of the wheat xport business, and has shipped since August 1st over 138 million bu, increase of 26 million bu over the like period of last season. tal stocks have been reduced to about 500 million bu, and so the rryover in that country may finally be about 100 million bu less an it was in 1941. Even this, however, would be very large, particu- rly if another average crop is harvested during the summer of 1942.

Primary receipts were again very light, at 325,000 bu compared th 361,000 bu last week and 698,000 bu last year. Kansas City and nneapolis stocks so far this week show a net decrease of 296,000 bu.

There was no feature whatsoever to our market; rallies were ly moderate, and as stated before there is no particular buying thusiasm, with milling demand still dull and the cash demand un- anged. However, a moderate amount of spreading took place between y and July, as the difference at one time widened about 1/4¢ per bu. the last, the nearby delivery was 3/8¢ per bu lower, while July de- ined the same.

Corn was influenced by the general indifference in wheat, but ld relatively firm. Movement to market, however, can hardly be pected to increase as long as hogs sell at present levels.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

April 10, 1942.

Four months ago, little hope was held out that the Bataan
ninsula could be saved, and yet the loss yesterday came as a dis-
nct shock to practically all Americans. From a market point of view,
had a depressing influence yesterday in all speculative quarters,
t today attention was directed more toward the administration's at-
mpt to halt any inflationary tendencies. The President stated today
at the administration was studying an over-all plan for attacking
flation but nothing definite was yet forthcoming. Mr. Henderson
s recently urged a tax bill increase, with the idea of preventing
due rises in price, and after lunching with President Roosevelt yes-
rday stated that the tax measure now pending in Congress will ab-
rb only about one-half the inflationary gap and that the remaining
cess purchasing power is too large to be handled effectively by
re price controls. In his opinion, taxes form the keystone of any
ti-inflation program, and he believes, furthermore, that the new
venue bill figure should be doubled.

In spite of this news, the stock market was firm at the open-
g today, but grains seemed to stagger somewhat, with the carryover
eling from yesterday somewhat bearish, and many traders were dis-
uraged over the market action yesterday, with closing prices ap-
rently feeling the effect of May liquidation, Soybeans were under
ditional pressure this morning, and with the cash beans selling at
g discounts under May, it is felt that possibly fair deliveries on
y contracts will take place. Others, however, have the feeling
at with the loan price at $1.65 for the new bean crop and freight
12 to 15¢ to bring beans to the Chicago market, the October de-
very is not particularly high at $1.83, or at least that no great
ount of pressure can develop, as with this situation large quan-
ties may be kept on the farm after the new crop is harvested.
ere was very little grain news, and the statistics are hardly chang-
g, but after the close of the market today, we shall have a govern-
nt report estimating the winter wheat crop, but no surprises are
pected in that direction, as the private experts have already pre-
red us for a slight increase in the yield, as compared with the
ficial December forecast. We shall also get figures on farm reserves.

During the first forty weeks of the crop movement, our exports
ve been small, and really disappointing, when it is considered that
raised the third largest crop of record and carried over a tre-
ndous reserve. Only about 16 1/4 million bu of wheat has been
eared, which still leaves practically 645 million bu to be shipped or
r the next carryover, and, of course, with the relatively high price,
is not likely that during the next twelve weeks, we shall be able
get much wheat into foreign channels.

Primary receipts were slightly heavier today at 470,000 bu;
comparisons are possible as we had a holiday both last week and
st year. So far this week Kansas City and Minneapolis stocks show a
decrease of 325,000 bu. When the visible supply is posted on
nday, the shrinkage may be much the same as last year when it amounted
1,125,000 bu.

Prices recovered somewhat from the early break, but there was
great amount of buying enthusiasm. Still it is generally felt that
h next year's loan price at a high figure no sharp breaks are
kely. Until new incentives arise we doubt very much whether the
rket will go far in either direction. At the last, May wheat show-
an advance of 1/8¢ per bu, while the July was 1/4¢ up.

Corn was slightly weaker on back-spreading, and some of the
al operators were apparently selling corn futures against purchases
wheat. After the close tonight we shall have a little better
ture of prospective supplies. It is our own opinion that the farm
appearance has been heavy during the past three months.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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CHICAGO MERCANTILE EX.

April 13, 1942.

When we talk of our debt burden during the present war, it is
ficult to visualize what the billions of dollars mean except by mak-
comparisons with other periods. After the War of 1812, we had a
ional debt of only $127 million. After the Civil War, our debt
$2,677 million, and was considered a tremendous obligation. It
dually decreased to such an extent that even after the Spanish
rican War, it had been reduced to $1,148 million, and it stayed at
ctically that point until we became involved in World War I, when
grew to $24 billion. Through heavy taxation and economies, it was
uced to about $17 billion by 1928. Just prior to our entry into
war, we had arguments as to whether or not there should be a pro-
sion permitting the public debt to rise from $45 to $49 billion, but,
course, the tremendous expenditures that are occasioned by present
r problems make everything different from the past. It is now con-
dered likely that in the eighteen-month period ending June 30, 1943,
e federal government will probably spend about $49 billion more than
has received in the form of taxes, after allowing for the Presidents
commendations to increase tax rates.Therefore, borrowings will be on
huge scale and probably another $20 billion may have to be raised
selling securities to the banks.

This has brought up for discussion the question of inflation,
d, of course, it will be difficult to prevent rising commodity pri-
s except by taking extreme measures. At the present time, the de-
nd for many commodities, the demand for services, and the demand for
bor exceeds the supply, and this is the reason that Washington is so
eatly concerned over this problem. The weekly wholesale price index
se last week to the highest point ever recorded, according to an
alysis by the National Fertilizer Association.

Nevertheless, grain markets have been extremely indifferent dur-
g recent sessions, and in wheat particularly it is recognized that
e price already is so inflated owing to the artificial setup of the
gh government loan that many people question whether values would
anywhere near the present figure except that so much has been im-
unded, and, therefore, taken from the commercial reserve. At the
ak of the accumulations, there was 357 million bu of wheat frozen
om the 1941 season. During the past recording week, 4 million bu of
eat was redeemed, making a total of 35 million bu on which farmers
ve repaid, so that there is still 322 million bu tied up from the
rrent crop, together with 117 million bu from past seasons, or a to-
l of 439 million bu. On basis of a carryover next July of 630 mil-
on bu, this would still allow close to 200 million bu of free stocks,
t in our opinion, the carryover may finally exceed the government
timate of 630 million bu, since recent exports have been on a very
mall scale.

Primary receipts were moderately small for a Monday, totaling
9,000 bu compared with 689,000 bu last week, and 1,030,000 bu last
ar. The visible supply decreased 1,362,000 bu, leaving 197 million
in all positions, which is more than 76 million bu in excess of 1941
ocks; Chicago stocks decreased 225,000 bu, and there is now
,636,000 bu locally held.

Markets were moderately quiet, but tended lower, with Saturday's
eat gains wiped out. Crop reports continue good on the whole. In
ite of green bug talk, Texas may raise 20% more than average, while
lahoma, according to the State Department, is in line for a crop of
million bu compared with 55 million bu, which was the estimate of
e government last week. This compares with 48 million bu, the ten-
ar average.In the Northwest, seeding has been a little late, but
ather was good over the week-end, and seeding started again in south-
n North Dakota and eastern Montana. At the last , May wheat showed
decline of 3/4¢ a bu, while the July was off the same.

Corn was reactionary, and, despite a new top for hogs of $14.65,
ere seemed to be some profit-taking and May liquidation. Commercial
indings are heavy, and so is feeding.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
HICAGO BOARD OF TRADE
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO

April 14, 1942.

The question of grain storage seems to be a vital problem for practically all of the countries having surpluses, and despite the fact that Canada may reduce its carryover reserve next August by possibly 100 million bu from the amount that was on hand at the same time in 1941, still there is some fear that if an average crop is harvested, they may again have to limit deliveries from country points. As a matter of fact, the 1942-43 wheat policy of Canada, as set forth, contemplates that farmers would change their acreage in such a way that feed grains would be sown in many localities in place of wheat. Also, in fixing the price at 90¢ a bu for no. 1 northern wheat in store at Fort William, Port Arthur, or Vancouver, the Board has agreed to take delivery on only 280 million bu of western wheat, and apparently anything in excess of that amount must be kept on the farms. However, this policy is more liberal than the one last year where only about 230 million bu of wheat was permitted to move. At that time, with a short crop, it did not bring any great hardships to the producers. There has been no definite limit placed on the wheat acreage, but hope is expressed that western farmers will not sow over 20 to 21 million acres, and since acreage bonuses are being paid to divert wheat land to other crops, there is reason to feel that partial reductions at least will take place.

In our country, crop prospects continue satisfactory, and the State Department of Agriculture at Topeka calls attention to the fact that there is only about 25 million bu of unoccupied storage space. This being the case, very likely there will be a serious shortage of both commercial and farm storage capacity, so that the 1942 Kansas crop, if finally up to expectations, will present numerous problems. Also, the supply of farm labor is not what it should be, and with so many men called to the colors or working in war plants, agriculture may suffer some hardships due to insufficient man power.

Our market was still dominated by the anti-inflation talk, and the news from Washington indicates that blanket ceilings on almost all prices may be expected within the coming months, although it is still felt that agricultural products may not at first fall under this category. Under present legislation, it was our understanding that at least the five basic agricultural commodities would have no ceilings at less than 110% of parity, and it is reasonable to suppose that the Farm Bloc will do everything in its power to see that these rulings are enforced. However, if finally rents, wages, and a host of commodities are affected by ceiling prices, some are wondering whether the upward trend in wheat, corn, and cotton will be permitted, particularly since parity prices have been advancing very materially during the last year or more. The average of farm prices is now virtually at the parity goal, and possibly the Department of Agriculture, together with the OPA, will remain in general agreement that nothing drastic should be done at this time.

Primary receipts were somewhat better at 524,000 bu compared with 540,000 bu last week, and 569,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 160,000 bu.

Markets were more or less weak right from the start, and the fact that Vichy had returned Laval to power, giving him a place in the new Cabinet, had a depressing influence upon the stock market, which spread to commodities. There was no special grain news, except that milling demand was still very light, and without much market support wheat prices eased, going into new low ground on the present turn. Illinois winter wheat production will be down considerably from 1941, possibly 45%, according to the State Department of Agriculture. The main reason for this is that field work last fall had been severely delayed, and this has given us one of the smallest acreages in recent times. However, more attention is centered upon the Southwestern States, where production, in spite of some acreage cut, may be bigger than last year. Last prices were 2 1/8¢ per bu lower for the May wheat, while the July declined the same.

Corn was under liquidating pressure and general discouragement, but held reasonably well considering the large open interest. This is due to the fact that the yellow cereal has intrinsic merit, and feeding operations finally are bound to be a sustaining influence.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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MEMBERS:
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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

April 15, 1942.

There was no special grain news overnight. However, sentiment
me a little more friendly to markets late yesterday when prices
lied toward the last. This suggested that regardless of the very
ish wheat statistics, one could not overlook entirely artificial
ors which are still with us. Both July and September wheat had
ped below the level of the probable loan which will be established
next year's crop. This created the impression amongst thinking
le that undoubtedly a large quantity of wheat would again be
en after the next harvest. Of course, the storage situation is
l very critical, and hardly ever have we had a time when there was
about 25 million bushels of space available in the State of
sas toward the end of the season. However, this is exactly the
ure, and with little chance of getting grain into exporting channels
re is bound to be a good deal of wheat piling up, so that very
ly the government will have to be more tolerant in the handling
loans next season, as we can visualize that a good deal of wheat
be stacked on the ground. Thus compliance farmers may want to
il themselves of the government's benevolence, even if they are
le to obtain proper storage facilities.

Crop news is still favorable, and according to the weekly
sas Report, winter wheat made fine growth; jointing in the extreme
thern part has taken place, although there is some apprehension
ut the too rank growth in the central and west, especially of the
unteer wheat. In Texas, the nights have been almost too cold for
best development of the plant, and besides this, there were wash-
and flooding rains in the northeastern quarter of the State. The
t important section for wheat, of course, is the Panhandle, where
spects are still generally good. However, the Central section,
re a good portion which had been previously regarded as lost, is
apparently reviving, and may produce a crop.

The trade today received a little more information about the
sident's anti-inflation program. While the OPA will undoubtedly
ue an over-all ceiling order covering the most important retail
wholesale prices, we do not see any special provision to cover
basic agricultural commodities, such as wheat, corn, and cotton.
refore, we can only presume that the present law governing these
icultural products must be upheld. In this connection, we refer to
ce ceilings, which cannot be placed at less than 110% of parity.
trade apparently also held this view, and there was some recovery
today's market, although buying power was still extremely poor.
sibly the reason for this is that there are hardly any hedges being
en out of the pit, and the flour demand remains unusually slow.
ording to the Northwestern Miller, interest last week was disap-
nting in all lines, and they refer especially to distributors who
arently have overbought for the time being. Spring wheat mills sold
s than 15% of their capacity during the past week compared with
a week earlier and 44% a year ago. In the Southwest, there was a
ght improvement, with family buyers coming into the market on a
ter scale, so that sales were 29% of capacity against 15% the pre-
us week, and 39% last year. As long as there are still discussions
ut fixing price ceilings on flour, and with large stocks on hand,
iness may continue on a hand to mouth basis.

Primary receipts were only moderate at 415,000 bu compared with
,000 bu last week, and 503,000 bu last year. Kansas City and Minne-
lis stocks so far this week show a net decrease of 135,000 bu.

Trade undoubtedly was of smaller volume than yesterday when
1/2 million bu was transacted in the wheat pit. There still seems
be some hesitancy, and general confidence has not yet been fully re-
red. The open interest in May wheat is practically the same as in
, so undoubtedly there is still some liquidation to come, or at
st orders to change over are to be expected for the balance of this
th. Last prices showed an advance of 1/2¢ per bu for the May de-
ery, while July wheat was up the same.

Corn trade was moderate, and at times there was selling ac-
ited to cash interests, but these sales were well absorbed and
ght gains were registered at the close. The open interest is still
ge, being almost double that of wheat.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

April 16, 1942.

A few showers were reported overnight in the Southwest, but
sture was not general. On the whole, crop conditions still are
orable, and very few complaints are heard, except in isolated
es some insect damage. In Texas, the weekly report from the
te Department is also optimistic, and they talk of a rapid tran-
ion in crop prospects from discouraging, in large areas, to very
eful generally, as a result of good moisture over the whole State,
ept in the coastal and extreme southern sections. Also there has
n some damage caused by green bugs, but it is apparently not very
ious, and with the drought broken some of the acreage previously
paired of might now produce a crop.

The trade is paying very little attention to routine matters
the reason that our market at the present time is not entirely
, open, and competitive, which is so necessary if it is to make
automatic adjustment of production to consumption. In the past
ave paid more attention to facts than to theory, but at the
ent there are so many changes announced almost daily from Washing-
that one must theorize much more than ever before. At the end
April we are convinced that farmers will default on a very heavy
e if present level of prices is maintained. There is hardly
gh incentive in many districts to pay off these federal obliga-
ns, except possibly where farmers require space and want to get
r storage facilities for themselves in order to take care of
next crop. However, even if the government does take title to
many millions of bushels which are now impounded, there is no way
elling what disposition will be made of this wheat should it
lly get into the hands of the CCC. We have had the experience
corn where supplies were kept on the market in such a way that
price was not depressed, but yet advances were only possible on
mited scale owing to the fact that even with a small country
ment of free corn, the government took care of the industrial
s; and this has been going on now for many months.

Here recently Canada and the United States joint economic
ittees, approved a plan for mutual cooperation of the two coun-
s. We understand that effective next Autumn Canada shall facili-
the delivery in the United States at the then current U. S.
es, of whatever quantity of flax, oats, and barley Canada may be
position to supply; the U. S. shall not impose additional re-
ctions on the importation of flax, oats, and barley moving from
da to the U. S.; the U. S. shall facilitate the sale to Canada,
he then current U. S. prices, of whatever quantity of vegetable
or vegetable oil seeds the U. S. may be in a position to supply;
da shall not impose additional restrictions on the importation
egetable oils or vegetable oil seeds moving from the U. S. to
da. How far-reaching this may be finally is difficult to state,
it might be having a restrictive influence upon traders who are
le to evaluate the final effect.

In ordinary times, we have a good number of speculators who
eve that they can forecast changes, and for that reason are will-
to assume the risks involved in the hope of deriving some ad-
age therefrom. They, therefore, perform an economic function,
use there is another group of more conservative operators who
er to shift their risks rather than to take the chance of gaining
osing by the approaching change in values. We often wonder if
grain trade is ever returned to private hands, whether it will
ossible to handle hedging transactions as satisfactorily as in
past while speculation is at such low ebb. Yesterday's trade
heat was only about 5 million bu, or about the quantity which
arge commission house dealt in formerly, and the whole open
rest remains at about the 36 million bushel mark, which is ex-
ly small considering the large visible supply on hand.

Argentine shipments the past week were more than double those
e previous week, and amounted to more than 3 million bu, but ap-
tly a substantial quantity is destined for Brazil and other non-
ean countries.

Primary receipts were 526,000 bu, which was larger than last
but about the same as last year. Kansas City and Minneapolis
s so far this week showed a net decrease of 162,000 bu.

After early firmness markets sagged due mainly to lack of
rt. Corn held comparatively well, but there was no special feature.

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CHICAGO MERCANTILE EX.

April 17, 1942

The carryover feeling from yesterday was one of discourage-
t. This, we believe, was largely responsible for a weak opening
s morning, as a few more tired longs apparently liquidated, and in
ng so, found the market very poorly supported. Yesterday's break
wheat came with a volume of only 2 1/2 million bu being traded in
July future, which is the most active month. This shows the com-
te indifference at the present time. There are undoubtedly so
y uncertainties that those who generally take an interest in wheat
culation are now on the sidelines until many of the pending matters
clarified. Everyone knows that the defaults on wheat on April
n will be very large, but nobody can be sure what disposition the
will make of this grain once it gains title to same. Also, with
much concern in Washington over inflation, new flour buyers have
n extremely hesitant in making forward purchases, and this has
nt that very few hedges have been taken out of the pit during re-
t sessions.

From a statistical point of view, there is very little change.
ty-one weeks of the crop season has passed, and we have cleared
y 16 3/4 million bu of wheat and flour, thus leaving 644 million
still for export or the July 1st carryover, after making ample al-
ance for our domestic requirements. Canada, of course, is doing
etter job, keeping her prices more in line with importers' views.
has shipped more than 146 million bu of wheat and flour since
ust 1st, an increase of 26 million bu over the previous season,
at the present time has remaining stocks on hand of 492 million
which is a reduction of 103 million bu from the quantity that
held in 1941, same date.

Ordinarily at this time of year, much attention would be cen-
ed on the new crop prospects. Some delay has occurred in the
thwest due to adverse weather, and a good many farmers are com-
ining of the difficulty in securing competent help, while others
handicapped by lack of supplies. But yet, with the wonderful
sture condition, most of the farm families are exerting themselves
ncrease production of crops and livestock, and so, we still may
a very satisfactory season, everything taken into account.

In the last government calculation, no allowance was made for
unteer wheat. The Department of Agriculture admits that the ex-
of this acreage will not be known until near harvest time.
ertheless, it is a factor, and in addition to this, wheat stocks
hand are so large that even though supplies are not pressing on the
ket, they are consuming storage space in one form or another. The
l 1st farm stocks, which were estimated at 270 million bu, are 40%
ger than those of 1941, and, in fact, are the highest April 1st
stocks on record. Moreover, the distribution is such that all
ions of the country are carrying large quantities of wheat, and
is in contrast to last year, when farm stocks were relatively
er in the spring wheat areas and in the Central Great Plains
es than elsewhere. Consequently, there cannot be much shifting
heat from one portion of the country to another; nor is there
hope of helping matters through export channels.

Primary receipts were somewhat better at 542,000 bu compared
470,000 bu last week, and 680,000 bu last year. Kansas City and
eapolis stocks so far this week show a net decrease of 188,000 bu.
shrinkage in the visible supply next Monday will be small, prob-
much the same as last year when it decreased 945,000 bu.

While no great pressure came on the market, support was so
that rallies were feeble, and of course, from a statistical point
iew the market is in a very bearish position, but nobody can tell
what offsets may occur due to the artificial stimuli which still
t. Last prices showed a decline of 1 1/2¢ per bu for the May
very, while July wheat was down 1 3/8¢.

Corn held comparatively well, although there was no particular
ing in that pit, and a good many people are still friendly to
grains, believing that finally they will sell closer to the price
heat.

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CHICAGO MERCANTILE EX.

April 20, 1942.

The principal grain news over the week-end was the heavy rains ich were experienced in the Southwest, especially in Nebraska, al- ough an extremely heavy fall was noted also in parts of Texas, ex- nding into the Panhandle of that State.

World shipments were somewhat larger, and while we do not have e complete details, it is probably a fact that the heavier clear- ces from Argentina were destined mostly for non-European markets. anything, Britain is taking a smaller quantity of grain now, and ipping space is her first concern. They are saving somewhere be- een 500,000 and 700,000 tons of shipping in a year by substituting olemeal for white bread, and this was recently accomplished by com- lsion and not by appeal. The key to the immediate food policy s given recently in Lloyd George's statement showing that food ocks were nearly a third larger in Britain than a year ago, although 1941 they were uncomfortably low.

There is still no confirmation from our government about the rial attack upon Japan, but it is quite obvious that our fliers ve returned Mr. Karusu's call, although his visit here was ap- rently in the guise of a peace emissary, while the Japs were busy mbing Pearl Harbor.

The grain trade is still somewhat hesitant, and may remain so til the President makes his fireside chat dealing with anti-infla- onary measures. It is also likely that within a week or ten days, may send a message to Congress setting forth his views for an ll-over" economic program. Some people still feel that in spite this, the basic agricultural products may not be immediately af- cted by a low ceiling level.

From a statistical point of view, there is not much change, though during the last reporting period about 3 1/2 million bu of eat was repaid from the 1941 loan, and this means that a total of million bu has thus far been redeemed. In view of the fact that ere was 357 million bu impounded at the peak of the season, there still 318 million bu of wheat frozen from the current crop, and we e now told that 115 million bu is still tied up from previous years, king a total of 433 million bu removed from commercial channels. e CCC is apparently still selling some of its accumulations from e 1940 and earlier crops, but even with the price concessions that e being made on this feed wheat, the demand appears to be very potty."

Not much is heard of crop progress in the spring wheat areas, t according to the weekly agricultural letter, seeding is mostly complished in southeastern South Dakota and progressing satisfac- rily in southern Minnesota and central and western North Dakota. anything, it is somewhat on the late side, but yet, with ample isture, the seed should germinate very quickly once it is in the ound.

Primary receipts were 636,000 bu compared with 589,000 bu st week, and 859,000 bu last year. When the visible supply of wheat s posted it showed a decrease of 1,670,000 bu, which was consid- ably larger than last year. Nevertheless, total stocks in all sitions still amount to 195 million bu, which is practically 76 llion bu more than was on hand a year ago. At Chicago there was a crease of 117,000 bu, which leaves about 11 1/2 million bu of wheat this market.

Trade was rather dull, probably much the same as Saturday when out 5 million bu were transacted in the pit. The deferred deliveries re the strongest, and it seems that as the carrying charge widens, evators are going over on their hedges to the later months. With- any appreciable pressure from any source, there was some rally om the early weakness. At the last, May wheat showed a decline of 4¢ per bu, while the July future was off 1/8¢.

Corn was barely steady, and there appeared to be some unspread- between this cereal and wheat. It seems that when the price de- ines, offerings from the country dry up materially, and therefore, mmercial users are still dependent largely upon government accumula- ons. This figure has been reduced to 71 million bu, and according the latest statement the CCC has that quantity on hand. According the Baldwin Elevator Co. of Decatur, Ill., disappearance of corn om farms during the first three months of 1942 was the heaviest on cord for that period. It seems that hogs are being held back for avier feeding, which also means increased corn consumption.

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CHICAGO MERCANTILE EX.

April 21, 1942.

It is expected that by next Monday the President will divulge
anti-inflation program, but up to the present time, all details
ain a secret. Apparently, it is intended to establish the most
eping controls that have ever been clamped upon American economy.
ording to Washington advices, about 30,000 articles will be covered,
the order may freeze retail prices, but it was also stated that
luded by law would be farm prices unless they should go above 110%
parity. There has been a great deal of discussion of late, and in
t, some worry as to whether or not the five basic agricultural
ducts would be included. With today's announcement, there was a
ghtly better sentiment in grain pits, and at least some of the
ertainty had been removed, as recently nobody could be sure just
t pattern might be followed if all retailers and wholesalers are
censed, and if there were the virtual freezing of all commodity
ces, as had been proposed from other sources. Apparently, we are
wly but surely learning from British experience that the great
k behind the battle zones is to mobilize the nation's economic
ources to the fullest extent. We have thus far made very few
rifices, but right now man power is almost as crucial as shipping,
the war output depends upon the intake of fresh labor, and skilled
kers must be used for essential purposes, so that gradually there
be a great scarcity of the articles which ordinarily have been
y plentiful. The government apparently has in mind that only
ough regulatory measures can they prevent the inflationary forces
n becoming more pronounced. After all, the immediate task is for
n defense, determined attack, and total dedication to victory.

Outside of the news which we have just recited, there was very
tle overnight except that a few more rains had been reported in
ious parts of the Southwest. While in some districts the moisture
have been excessive, general comment from Texas was optimistic,
while the rains came too late to save the oats crop in the eastern
f of the State, much of the wheat territory in the central por-
ns has been benefited, and on the high plains of western Texas,
red winter wheat is in very promising condition and may produce a
ord crop. A year ago there had been a wonderful prospect early, but
ood deal of wheat was lost when prolonged rains came during the
vest period, and thus, it was impossible to save the grain. Since
moisture is so early now there seems to be a more hopeful feeling
t good yields may be secured later in the season. Also, pastures
ranches are rapidly reviving, so that on the whole precipitation
been a great help.

Primary receipts were a little better today at 630,000 bu;
s compared with 524,000 bu last week, and 648,000 bu last year.
sas City and Minneapolis stocks so far this week show a net de-
ase of 85,000 bu.

There was not a great deal of market activity today, although
ner prices were recorded as the result of a changed psychology, with
traders holding to the belief that there would be more buying
ouragement if ceilings were very high. We think equally as impor-
, is the floor which might be beneath present levels. By this we
in mind that within the next two weeks the government will have
n title to over 400 million bu of wheat from the past three crops,
vided the farm loan wheat is finally defaulted. If they also apply
loan after the quota vote is taken, it will mean further quan-
es removed from the usual trade channels. Therefore, we must
ys bear in mind that it is no longer a question of supply and de-
, but rather of free supply and demand. Even with some realizing
rd the last, and mill selling of futures, there was sufficient
orption so that the market showed an advance of about 1 1/4¢ per

Corn was likewise strong; there was no special news, except
hogs were again 10 to 20¢ higher, recovering yesterday's loss,
it is the feeding program that makes most traders bullish.

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DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

April 22, 1942.

In normal times, consumptive markets furnished the cue as to t wheat was worth. In other words, price rises or declines at erpool were almost immediately reflected in the surplus countries, ept possibly for short periods when distortions took place. If one were to ask us at the present time what world wheat was worth, would be rather difficult to give an immediate answer. In the entine, this cereal is bringing about 55¢ FOB, Buenos Aires, but n that figure is only maintained because of the government guarantee. ing the past season, wheat has ranged somewhat over the 70¢ mark Canada, but there again, because of governmental aid and a program ch guaranteed the farmer at least that price. For political or er reasons, this was advanced to 90¢ for the 1942-43 season, but t wheat would actually bring on its own merit is a moot question. we, therefore, say that it is a sound, economic policy in the ted States to arbitrarily advance the loans to farmers each year hout finally having repercussions? The answer is that we have eady had considerable experience in that direction, and since our ces are considerably higher than competition, export business has len off materially and surpluses are being built up on a scale never ore reached. In the past, a fair price was always considered one ch moved the whole crop into consumption without a shortage and hout an abnormal carryover. Obviously, the reverse is also true , but it also shows that the government need not necessarily con- n itself with inflation as it relates to wheat, since there is such remendous surplus. Since 1933, the government has been combating lationary rather than inflationary tendencies with respect to this eal, and the situation was largely tackled through acreage curtail- t. Therefore, by relaxing some of the provisions which have oc- ioned the smaller production, it would not be long before we could edy any such problem through a slight expansion of sowings. When ural supply and demand factors were functioning, this took place omatically, and it was not necessary every few years to have new islation.

The time is soon approaching when farmers must either redeem ir wheat or default. At present levels, we believe that the ernment will probably gain title to additional large quantities of in; consequently, they would easily have the power to prevent too id rises in values unless, of course, a law would be passed which ld impound those supplies until parity was reached. There has been y little information from Washington recently as to the progress such legislation, but it appears to us, with the very drastic ion now contemplated with relation to wages, salaries, and commodity ces, that its chance for passage might be somewhat lessened. How- r, we do not claim to have any inside information.

Primary receipts were a little smaller at 489,000 bu compared h 415,000 bu last week, and 605,000 bu last year. Kansas City and neapolis stocks so far this week show a net decrease of 102,000 bu. ing the past week milling demand has been very slow, but there was light pick-up today with some hedges taken out of the market. Ac- ding to the Federal Weekly Crop Comment, it was a favorable week for ter wheat, and good growth was reported rather generally in much of eastern belts. Recent rains in Texas have materially improved the look, while in the spring wheat areas seeding has made good progress general, although the season is a little late.

Our market was rather firm, but quiet during the entire session. ther war news nor grain news had much of an influence; the chief ic of conversation is the artificial stimuli which still remain amount. At the last, May wheat showed an advance of 5/8¢ per bu, le the July future was up 1/2¢.

Corn was steady, but there was a better movement from the ntry, with bookings to Chicago a little heavier. Trade was dull, there was no special feature.

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DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO

April 23, 1942.

It is very doubtful whether any single administration has had cope to such an extent with both deflation and inflation as has en the case during Mr. Roosevelt's tenure of office. On April 28, 33, when we were suffering from a great depression, everything was ne toward helping commodity prices, and on that particular day an endment was offered to the Farm Bill giving the President power to luce the gold content of the dollar to the extent of 50 per cent. s, of course, was regarded as highly inflationary, but at the same ne the Senate passed the inflation bill, which gave the Chief Executive tremendous power to influence prices either through the depreciaon of currency, or through reduction in acreage. Other measures so were resorted to, and shortly afterwards reserve banks started to Government bonds, which practice has been continued more or less ing the past eight or nine years. It was quite obvious to us that e we had devalued our currency, no amount of inflation would ever ne to pass to reverse this procedure even if sharply advancing ces should finally become a source of worry to the entire country. agio on the gold holdings of 1933 brought an immediate profit to Treasury, but the subsequent purchases of gold at continually ris- prices were carried on to such an extent that if the government had ever cted to return to the old statutory gold price of $20.67 per ce, their loss would have been terrific on anything that had been ght at higher figures. This is so generally recognized at the sent time that in trying to combat inflation, they will not be able do it through monetary measures, but rather it has been considered essary to have an over-all price ceiling on 30,000 commodities. s program will shortly be made public when the President addresses nation next Monday night. It is thought that the order will not ectly limit farm prices. However, if certain manufactured articles e ceilings placed upon them, it may place wheat in the same category soybeans, where at present Mr. Henderson is not allowing prices of s and oils to be advanced, and the net result is that bean prices somewhat checked indirectly since crushers and commercial users not able to secure a satisfactory profit. It is considered posle that packaged cereals and mixed flour will probably have a ceil- imposed upon them. While this only comprises a comparatively small unt of wheat which is consumed annually, it may have some effect. ever, as we gage the situation, wheat prices will not be restricted ess values go to 110% of parity.

There was some hesitation this morning, as there are still a d many uncertainties in the picture. Nobody can tell for sure what position will be made of the government holdings after May 1st. re undoubtedly will be a large amount of wheat defaulted, particularthat part of it which is now stored in terminal warehouses. The has announced that it would take title to all wheat not redeemed that date on defaulted loans, rather than placing the grain in the al pool, which in the past was held for producer accounts and sold n desired. This, in effect means that if any additional profit ld be obtained through later advances in price, the original holders ld not benefit as they were supposed to in the past.

Primary receipts were only fair at 415,000 bu compared with ,000 bu last week, and 552,000 bu last year. Kansas City and neapolis stocks so far this week show a net decrease of 201,000 bu.

Local traders were largely on the selling side of the market appeared to be taking profits against recent purchases. There can- be any great amount of confidence with the rules of the game so pletely changed from ordinary times. As we have stated in our ters before, it is no longer a question of supply and demand, but ner of free supply and demand, and right now the free supply could nge very quickly depending on the attitude of the administration. prices showed a decline of 1 1/8¢ per bu, for the May wheat, and wheat was down 1 1/4¢.

Trade in corn was quiet, but prices ruled lower. While there is ather bullish sentiment, the fact that wheat reacted caused a little imism, although there was no liquidation of importance.

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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO April 24, 1942

Considerable moisture was reported again overnight in Southwest-
areas, principally in Texas, and possibly too much in places, but
he whole it has been a very satisfactory season for wheat. Proba-
the most important grain news was that which came from Washington
ributed to the Secretary of Agriculture, whose pronouncements were
ewhat pessimistic in regard to the wheat situation. Of course,
ryone has known for sometime that with a prospective carryover of
million bu and a normal crop next summer of 750 million bu or more,
al supplies would probably be sufficient for two years' domestic
ds. He emphasised also that storage facilities are already crowded
that an acute problem might develop after harvest, with some es-
ates claiming that upwards of 75 million bu of wheat may have to be
ed in fields or else placed in improvised bins on the farms. His
edy apparently is for a still greater acreage cut, so that next
son we may have only 50 million acres sown, but this would require
cial legislation, as under existing law the allotment may not be
s than 55 million acres, which compares with as much as 80 million
es seeded in former times. Experience has shown that while it is
sible to control acreage, it is not possible to control yield. The
ter depends too much upon Nature, and, of course, too drastic a cut
o presents some dangers, because while we have had several years of
d yields, a crop failure is always a possibility.

The season has progressed sufficiently far so that we may take
ck of what has happened. With only ten more weeks before next har-
t, the United States has exported only 17 1/4 million bu of wheat
flour, which is not a particularly good showing when it is con-
ered that Canada during a four weeks lesser period has cleared 153
lion bu, or actually 26 million bu more than a year ago. Of course,
reason for this disparity is that Canadian prices have been kept
line with competition, while here successively higher loans have
us out of the export field. It has, therefore, followed that ar-
icially high prices and large exports are contradictory, and ap-
ently, we have paid too much attention to getting the farmers a
porary good return, whereas now it is threatened that unless acreages
cut, our farmers must accept lower prices. In the meantime, of
rse, some damage has been done owing to these accumulations, and
n in the field of feeding, we have not been able to help ourselves
h through added domestic consumption. There are undoubtedly some
at exports to Russia, both from here and from Great Britain, al-
ugh accurate figures are not available. The Russian people are
ng drafted not only for war work, but also for agriculture, and
n children of twelve years of age must work on the farms this spring.
ording to Sanford Evans, seeding of spring wheat begins in the
mea about mid-March; North Causasus, the end of March; in the Uk-
ne, the first of April; and in the Volga Basin, April to May, while
ld work in Siberia and the Ural Region starts somewhat later.

Primary receipts were quite moderate, at 440,000 bu compared with
,000 bu last week and 786,000 bu last year. Kansas City and Minne-
lis stocks so far this week show a net decrease of 299,000 bu.
n the visible supply is posted on Monday, it will compare with last
r's decrease of 1,657,000 bu.

While the market was quite weak during the early part of the
sion, very substantial recoveries took place on short covering, and,
course, one can never lose sight of the fact that artificial stimu-
are still with us. A tremendous quantity of wheat is soon to be
ounded again from next year's crop if storage is available, and
s, the government through its program will continue to have enor-
s supplies withheld from commercial channels by one means or anoth-
At the last May wheat advanced 1 3/8¢ a bu, while the July future
up 1 1/2¢.

May liquidation in corn carried the market into new low ground
the present turn, but commission house buying in sympathy with
her wheat gave us a good recovery. It is still a fact that feeding
ortunities are great; therefore, the fundamental situation remains
nd.

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CHICAGO MERCANTILE EX.

April 27, 1942.

Before the opening the grain trade was somewhat perturbed over early morning press dispatches announcing that the Department of Agriculture was calling for offers on May 5th for the purchase of any or all of the 1941 warehouse-stored wheat turned over to the Commodity Credit Corporation upon maturity of loans on April 30th. Unfortunately the majority of the dispatches did not contain the entire announcement and that part pertaining to prices was omitted altogether by many. However, when the full information was available, it was found that no bids would be accepted for less than the 1941 loan value of wheat upon which the bid is made, plus interest and charges as determined by the Commodity Credit Corporation. This naturally changed the complexion of the news, as in most positions the present level of prices is probably from 6 to 10¢ under the 1941 loan plus the charges. Undoubtedly, the government agencies are anxious to dispose of quantities of wheat, but the announcement of April 25th is probably more or less a necessary legal notice before the government comes into possession of the actual commodity. As of April 18th, the Commodity Credit Corporation reports that there were 303 million bu of 1941 wheat still under loan, and that they had possession of 116,700,000 bu of unsold wheat from 1940 and earlier crops. To this should be added about 13 million wheat already defaulted, making a total of approximately 433 million bu, which the government may own after April 30th. This further confirms the fact that at the end of the crop, there may be an excess of 200 million bu of free wheat, as former estimates of the government point to a carryover of around 650 million bu.

The Department of Agriculture's weekly grain review of April 25th states that spring wheat seeding made good progress and was in full swing at the close of the week in North Dakota, and is now general in Minnesota and South Dakota, with a considerable amount of work also being completed in Montana. According to the report, the eastern portions of the spring wheat belt needs rain for germination; in the winter wheat section, there was good growth under generally favorable conditions. In the Argentine, it is reported that wheat seeding is progressing in northern areas, where conditions are good and where litt or no reduction in wheat acreage is now indicated. Naturally, little is known of conditions in Europe, but eastern Europe must be undergoing great hardships. One source comments that there will be no harvest in the Ukraine this year. It further states that the Germans have offered all sorts of promises to the farmers to plant grains, but if they do, guerrilla bands immediately move in and cause great havoc. Undoubtedly, the Russians are doing a good job of cultivating fields in the East, but it is doubtful if the Ukraine will furnish Germany with any food this year. Despite the pillaging of the occupied countries, the food situation in Germany must be becoming more acute. As expressed by one party, "It is easier to get ration cards than to find shops with the rations."

World shipments for last week are given as 8,728,000 bu, of which 6,979,000 bu was furnished by North America, and 1,759,000 bu by the Argentine, with the western Hemisphere being the only section reporting. As exports from the United States are practically nil, Canada continues to furnish the main supplies.

Primary receipts were 494,000 bu compared with 636,000 bu last week, and 810,000 bu last year. The wheat visible declined 1,670,000 bu, and now totals 193,673,000 bu, which is 75,960,000 bu larger than in 1941. Wheat stocks in Chicago decreased 153,000 bu, and are now 11,366,000 bu.

When the President's anti-inflation seven-point program was first given out, it was considered slightly bullish, as he asked Congress to amend the farm price section of the present price control law so that a ceiling may be placed on any commodity whose price has reached parity. However, when more detailed information was available it was found that the Chief Executive also stated it is equally harmful to the process of keeping down the cost of living if any law would prevent the government from selling any of its own surplus farm commodities at the market price. This dampened bullish enthusiasm, as did the fact that the President recommended taxation to take all personal income above $25,000. At the close, May wheat was 2 1/2¢ per bu lower, and July 3 3/4¢.

Corn did not show any independent weakness, but suffered in sympathy with wheat.

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CHICAGO MERCANTILE EX.

April 28, 1942.

Markets were quieter after yesterday's rapid fluctuations following the President's message to Congress, and most of the session there seemed to be a somewhat better feeling. From past performances and recent utterances, it does not seem to be indicated that government agencies intend to sell wheat at less than loan prices. In the recent advertisement for May 5th bids, it is clearly stated that 1941 loan prices plus charges would be the minimum at which wheat would be sold. This would figure about $1.27 Chicago, and is higher than the present market price. Inasmuch as next year's loan will be 85% of parity, that, too, would figure much higher than the current level. Just how much free wheat there will be in the carryover, is hard to say at the present time, but it will be much less than we will need for our domestic consumption during the coming crop year. It would be natural to suppose that farmers would take the loan, as it would pay them better than selling in the market, especially as there will be difficulties in securing permits, or whatever regulations there may be on account of transportation and storage problems. Some men who have attended recent storage meetings conducted by officials got the impression that farmers who have qualified for the wheat loans will be aided in every way to secure them. While it is too early to set forth any conditions, it seems to be planned that the CCC will shift the metal bins, which previously had been used for corn storage, to various sections of the wheat belt, so that farmers may deliver their wheat in settlement of defaulted farm loans. Also, endeavors will be made to make available materials for the construction of additional farm storage where necessary and for the repair of farm buildings for storage, as well as to make additions to country warehouses. Secretary Wickard confirmed this today in advising that there is enough material to construct the necessary country storage if farmers do not delay until harvest. There will necessarily have to be close cooperation in handling the vast supplies of wheat from first hands, as not much relief can be expected in the terminal situation before the new crop moves. After that, mills will probably be the best outlet, as they replace the wheat which they grind.

Secretary Wickard, speaking before a meeting of farmers, seems to have the same ideas that many grain men have had for sometime: namely, that parity be maintained for producers on only the acreage needed to supply full domestic needs for flour, but that considerably more be raised and the excess sold at lower prices for feed, industrial uses, and exports. For years, by maintaining the wheat price at higher than world's levels, it has interfered with our exports and deprived our railroads, steamships, etc. of earnings. By subsidizing exports, some relief has been afforded, but in no way has this been comparable to the former free and open method of trading.

Primary receipts today were smaller, at 542,000 bu compared with 630,000 bu last week, and 729,000 bu last year. So far this week Kansas City and Minneapolis stocks have decreased 205,000 bu.

After being higher the early part of the session, with further liquidation the entire gain was lost, May wheat closing 5/8¢ per bu lower, and July 3/8¢ per bu under last night.

The University of Illinois has issued a report for the guidance of farmers who raise hogs. They state that the fall pig crop of 1941 totaled 35.6 million head, and the 1942 spring crop is estimated at 62 million head, and in each case this would be the largest on record. The combination would be about 17.8 million head larger than the preceding fall and spring crops, and the increase, they state, would be large enough to use an additional 325 million bu of corn. But if per capita consumption of pork and lard continues at the January 1942 level throughout the year, the expected hog slaughter will provide for Lend-Lease purchases to the extent of 100% increase in pork and 160% increase in lard over the purchases for this purpose during the ast twelve months. In view of a statement like this, it illustrates hat if we are to stand by our allies in shipments of concentrated foods t is imperative that our feed crops turn out well this year.

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CHICAGO MERCANTILE EX.

April 29, 1942.

The President's speech was widely discussed this morning. It had been exceedingly well received, and most good citizens agreed heartily with the Chief Executive that if ever there were a time for some personal sacrifice, certainly now with our safety at stake everyone should gladly chip in and do his share. We feel certain that in appealing for national support that he will get it. To this extent there is possibly greater unity now than just after the President's message to the Congress, because in his more recent address he pointed out clearly and emphasized the necessity of complete cooperation. It is our opinion that even some members of the Farm Bloc will rest their case without attempting to get the extreme benefits that were sought previously.

At the same time, the farmer in this country has done exceptionally well, insofar as the price return is concerned. Secretary Wickard in his speech at Enid yesterday left no doubt in the minds of the farmers that this was true: When considering 55¢ wheat in the Argentine and 85¢ wheat in Canada, it is hardly a time to feel slighted here simply because the price is not permitted to hit a ceiling of $1.50.

When our market opened this morning, sentiment was rather mixed. Many reasoned that the pessimistic wheat news was all known, but yet when corn prices broke sharply there seemed to be a little further liquidation. It is still a fact that the many artificial stimuli which have been with us during the past year are still existent The chances are that even with large quantities of warehouse-stored wheat defaulted tomorrow, the government will not immediately offer this grain for resale without regard to price. It has been intimated frequently that if sold for milling purposes the price would not be less than the 1941 loan plus accumulated charges. If this is correct, then we shall not have any wide open liquidation to face. Furthermore, there is a certain formula whereby the farmer may obtain a high loan for his 1942 harvest, and that price is somewhat above present loan levels; therefore, if storage is available even on farms, we look forward to a season which will again bring about heavy impoundings. The flour business during the week hardly improved, but with so many uncertainties it is only natural that buying should continue from hand to mouth.

Other news had very little influence, although the official weather and crop report from Washington stated that rain would be helpful for winter wheat in the Eastern States. Nevertheless, conditions continue favorable, and the crop has again made a satisfactory advance. In the Northwest seeding of spring wheat has progressed rapidly and is now nearing completion over most of the belt. From reports which we are receiving, the appearance of the country is generally good, and the one State which we watch more closely than any other because of its large production, is Kansas. There, subsoil moisture has gone to the greatest depth in more than a decade, according to one authority, who states that at present it looks like a prospect of 40 bu per acre for the West if nothing happens. He adds, however, that something usually happens to such prospects, except that this year there is little occasion to worry about drought.

Trade today was possibly a little less than yesterday when 10 1/2 million bu was transacted in the wheat pit. The open interest again declined, with only 33 1/2 million bu open in all three futures at this date, which is a record low for all time.

Primary receipts were comparatively small at 433,000 bu against 489,000 bu last week, and 523,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 271,000 bu

There was no special feature to the wheat market, but on the whole the undertone was much better than in recent sessions, and the urgency to sell seems to have passed, at least for the time being. Probably others feel like we do, but while statistics are unusually bearish and may be brought to the foreground repeatedly by Secretary Wickard and others in describing true conditions of affairs, the fact remains that the usual amount of pressure will not be exerted so long as large quantities are under government domination. At the last May wheat was 1/2¢ per bu higher, while the July future advanced 5/8¢.

In corn, there was some hesitancy and May liquidation early, but yet the yellow cereal also behaved better, and closed a shade higher.

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CHICAGO MERCANTILE EX.

April 30, 1942.

The figures released yesterday by the government on parity prices as of April 15th showed a very substantial increase in the parity figure for wheat. This was due mainly to a revision of the March 15th figures, which were advanced from 130.8 to 132.6. The April 15th figures are given as 133.5, which is an advance of practically three points from the last levels available. For a considerable period of time, the parity price of farm products has been advancing, and while the average of all farm products now stands at 99% of parity, grain prices have lagged and are still considerably under what is regarded as normal. On April 15th, wheat on the farm was selling at 75% of parity, and corn at 82%, although such other articles as potatoes were 109%, chickens 107%, and animals were even higher, with hogs at 123%, and beef cattle at 131%. The theory of parity is based on the five-year average of 1909-14 when each group of farm commodities equalled in purchasing power the things the farmer had to buy. At that time, grain was 100%, as were also potatoes, cotton, and animals. Taking the agricultural picture as a whole, it is about in balance, but there are, of course, many farmers who do not produce articles that are selling over parity, and farmers who grow only grain are still at a great disadvantage. The objective was to help all farmers, and not only those in certain sections who could raise diversified crops. It, therefore, would materially assist the prosperity of the rural districts if wheat were 100% of parity rather than about 75%. Undoubtedly, this disparity will be partially overcome when the new loan prices are announced for the 1942 crop.

The United States Department of Agriculture announced that farm products bought for lend-lease and other requirements have passed the billion-dollar mark since the Agricultural Marketing Administration started their purchases on March 15, 1941, a little over twelve months ago. However, from the standpoint of the grain producer, great disparity is also noted in the purchases. Of the billion dollars expended, approximately $377 million was for the purchase of dairy and egg products; about $310 million for meat products; around $75 million for fruits and vegetables, but only $26 1/2 million for grain and grain products.

The official weekly weather reports received this morning showed very good moisture for the week ended the morning of April 28th in the four Northwestern States, which must be quite cheering to farmers in that section, as there had been a period of less than normal precipitation. Additional moisture has been received in the western part of the winter wheat belt, but sections in the eastern part could use more precipitation, although, generally speaking, there seems to be no urgent need for rain at the moment, and crop prospects are being fully maintained.

This is the first day for intentions to deliver against May contracts. While there are no official figures issued as yet, it appears from what we hear that there may be approximately a million wheat; 2 to 2 1/2 million corn; around 400,000 beans; about 250,000 oats, and 250,000 rye tendered on the first day.

Advice from the Argentine states that for the third year in succession that country is harvesting another large corn crop, officially estimated at 362 million bu by our Department of Agriculture. In spite of a reduction in acreage of approximately 18%, favorable growing conditions have given a much higher yield per acre than last season, when on a larger acreage 403 million bu was harvested. With the curtailment of exports, that country is facing a rather serious problem. The carryover on April 1, 1942, is estimated at 319 million bu, making total supplies available a new high figure of nearly 682 million bu.

Primary receipts today were 503,000 bu compared with 415,000 bu last week, and 729,000 bu last year. So far this week stocks at Kansas City and Minneapolis show a total decrease of 345,000 bu.

With the advance in parity prices, there was a more encouraging tone at the opening. However, with the probable deliveries overhanging the market, and liquidation of May contracts, full advances were not maintained, and at the close May wheat was 1/2¢ higher and July wheat 5/8¢ higher. Yesterday, there was again a decrease in the open interest of wheat, and a new all-time low figure reported at 2,932,000 bu.

Corn was affected also by the May liquidation, with lower prices being registered at the end of the session.

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CHICAGO MERCANTILE EX.

May 1, 1942.

Before our market opened this morning, there was very little grain news of consequence. Crop reports continue generally good, and one of the private experts has now raised the estimate of winter wheat by 20 million bu, indicating a crop of 645 million bu, which compares with the official figure of 625 million bu which was published a month ago. Thus, from a statistical point of view, it looks very much as though with the large prospective carryover, we would have more than ample supplies for all purposes.

43 weeks of the crop season has now passed, with exports slightly less than 17 1/2 million bu. This means there is still available for export or next carryover 643 million bu --a figure which in ordinary times would stagger the imagination. However, artificial stimuli are still with us. There was a very strong reminder in connection with this thought, when the government today announced the 1942 wheat loan program. The Department of Agriculture stated that the average wheat loans on farms would amount to $1.14 a bu, which is about 16¢ per bu higher than the national average of 98¢, which has been established for the current crop. This, of course, all depends upon the wheat marketing quotas being favorably approved by producers, but we feel certain in our own mind that with the great incentives which are being given to people in the agricultural districts they can hardly turn down such a favorable proposition.

The trade, of course, was interested to find out at what price loans would be made at the various terminal markets, and shortly after the first announcement became public, prices were also given for the loan at Chicago, which is now established at $1.32; this same price also will prevail at Minneapolis. The loan price for Kansas City and Omaha is 5¢ per bu less, or $1.27.

With this background, an advance in the market was almost to be expected owing to the fact that both July and September wheat, which are the new-crop futures, are selling at prices considerably below those at which farmers could borrow from the government, and it is now to be expected that very large quantities will again be impounded from the 1942-43 crop. Of course, there may be about 200 million bu of free wheat in the carryover, which is sufficient to carry the mills for a time. Therefore, there could be periods as at present, when wheat might sell considerably under loan figures, but experience has shown in the past that before the season is ended a rather tight situation is apt to develop. This seems to be the present status of our market, and in our opinion, advantage lies with the holder of wheat, at least at these levels.

Other statistics do not seem to count for much. While our own exports are almost negligible, Canada continues on a heavy scale, and has cleared nearly 160 million bu of wheat and flour since last August. This is 27 million bu more than she placed afloat for the corresponding period the season earlier. At the present time there is still 480 million bu of wheat left in that country either for export or next carryover --a reduction of about 102 million bu from stocks carried a year go.

All reports which we get from Europe show that the Axis countries and those she dominates are on rather short rations. On her own confession, Germany is now short of food, and Italy is in a similar plight, with both countries in the third year of war, finding themselves stripped of all reserves, and almost entirely dependent on the 1942 arvest in order to successfully wage war for another year.

Primary receipts were moderate at 458,000 bu compared with 40,000 bu last week, and 608,000 bu last year. When the visible supply is posted on Monday, it will compare with a decrease of only 98,000 bu a year ago.

In addition to other announcements from Washington, increased arity and conservation payments were promised to wheat growers amounting to 23.4¢ per bu against 18¢ in 1941.

Markets were firm after a little hesitation in the first few inutes of trade. There was a little better speculative demand, which ay bring about a slight increase in the open interest. At the present ime, all open wheat trades are down to nearly 32 million bu, which is nother new low record. Final prices were 1¢ per bu higher for May, hile the July future advanced 1 3/8¢.

Corn was very strong. There had been a record disappearance uring the period from January to March, and we believe that feeding perations will continue on a heavy scale.

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CHICAGO MERCANTILE EX.

May 4, 1942.

War news has not played a very important part in the wheat market during recent sessions, although the conviction is growing that all is not well with regard to food supplies in the Axis countries and other nations which it dominates. This, of course, suggests that after the peace treaty has been signed enormous quantities of grain may be required from surplus countries. For the first time, the Axis is more vulnerable to aggression than its opponents, and Mr. Hitler now is the one who has to do a good deal of guessing as to where a second offensive might start. He apparently is worried that it might come through Italy, as was advocated by Colonel Kernan, possibly through Portugal and Spain, or maybe even through France and the Low Countries, as suggested by the heaviest commando raids. He even has to protect himself against an invasion through Norway to clear the Northern route to Russia, and all of this is delaying his spring offensive on Russia and the drive Southeast for oil.

When our market opened this morning, it was influenced by the favorable vote on the quota, which means that wheat loans for the coming year will become operative. The trade had expected affirmative action, but, nevertheless, assurance that farm loans will average $1.14, and those for wheat at Minneapolis and Chicago at $1.32 will undoubtedly drive a large percentage of next year's crop into the impounded supply. Thus, the artificial stimuli continue to act as a market factor. Under the circumstances, we rather feel that a firm undertone is to be expected.

Crop prospects for winter wheat continue generally favorable, and a satisfactory advance has been made during the week, according to the Department of Agriculture, although in the more Eastern States rain is needed. Texas wheat has made excellent progress in the principal producing northwestern areas, and the crop is good generally in Oklahoma, except in districts of heavy green bug damage. In Kansas, they claim that some wheat is already in the boot; but this is for the southern part of the State. In the Northwest, seeding of spring wheat is now nearing completion virtually everywhere, and the early seeded fields are up to good stands.

It is a little too early to arrive at definite conclusions on the amount of grain which is impounded from previous crops. We do know that there was 358 million bu of wheat frozen from the 1941 season, of which 43 million bu has been redeemed, but there is a certain lag in compiling figures and more of the wheat may have been repaid; so it may require another two or three weeks before this information is made public. At the present time, we may only conclude that there is still 315 million bu under government domination, which also includes some of the farm loan wheat on which further redemptions would be possible. From the 1940 and earlier crops, about 115 million bu has also been frozen; therefore, as a maximum, there is possibly 430 million bu out of the total carryover which may be removed from commercial channels.

Primary receipts were slightly larger at 665,000 bu compared with 494,000 bu last week, and 808,000 bu last year. When the visible supply of wheat was posted it showed a decrease of 1,835,000 bu. In spite of this total stocks in all positions are just less than 192 million which is 74 1/2 million bu more than was on hand a year ago. Chicago decreased 238,000 bu, still leaving more than 11 million bu here.

The market was rather firm early, but new buying power was thin; and the open interest in all futures is again at a new low for all time, being less than 32 million bu. With such indifference, it is not too easy to maintain bulges. At the last May wheat was 1/8¢ per bu higher, while July wheat was up 1/4¢.

Corn was steady, and with only about 68 million bu left in the hands of the CCC, there is the feeling that some day commercial users will have to get their supplies through regular trade channels. This suggests finally higher prices, although in the meantime, the market is getting only fair support, and the chances are that those on the constructive side of the market will have to exercise some patience.

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CHICAGO MERCANTILE EX.

May 5, 1942.

There was very little grain news overnight, but the British seizure of Madagascar was looked upon favorably, as this was considered a move to forestall Japanese occupation of the French Island. While the stock market opened a shade higher, the news had very little influence upon wheat prices, but there seemed to be a little tendency on part of recent buyers to liquidate their holdings, particularly as crop prospects seem to be pretty well maintained everywhere. This was rather generally borne out by the Bennett crop report today, estimating winter wheat production at close to 639 million bu, which is a small improvement over the official figure of last month, although a slight decrease from their own previous estimate for the reason that a smaller portion of the volunteer acreage is now remaining for harvest. Nevertheless, most of the experts are now in agreement that the amount of winter killing will be very small, and the abandonment may not run much over 6%, which would be only half as great as it was in 1941, and this would compare with almost 20%, the ten-year average. Some losses have been sustained in Texas and Oklahoma because of green-bug infestation, but on the whole, this is not important when all sown acreage is taken into the accounting.

A little caution may also have been occasioned because today the CCC had reserved for itself the right to offer its wheat holdings that had been taken on defaulted contracts, but it seems that now it is only considering bids from interested parties, but at a price not lower than $1.27, basis Chicago. Therefore, this has no particular market significance, since it is not a definite policy but only one that will be reviewed from day to day. With our May wheat here selling at about $1.21, naturally the government's ideas for the possible sales of wheat are entirely out of line. It does tend to indicate, however, that if sharp advances were to take place, additional pressure might be encountered, and this is probably the reason for the narrowness of the market. Most traders believe that with the high loan level established for the next crop, very sharp breaks are not likely, and this will undoubtedly bring in some buying should there be any sign of weakness. In the meantime, carrying charges between the delivery months are reflecting the storage situation at Chicago, and other markets, and the rather indifferent demand for cash wheat. Yesterday, however, there was a slight improvement in the open interest, with all contracts having increased about half a million bu, but total trade in all three pits amounted to only 7 3/4 million bu.

We now have a complete picture of total stocks in all positions as of April 1, 1942, compared with last year as follows:

(in million bu)

	April 1,1942	April 1, 1941
Stocks on farms	270	193
Commercial Visible	240	141
Interior Mills & Elevators	171	130
Merchant Mills	122	76
TOTAL	804	541

These figures are interesting because a further deduction can be made from them, when we take the total amount of wheat on hand at the beginning of the crop, including the carryover, of 1,330 million bu, and subtracting 16 million bu exports for the last nine months, which would leave 1,314 million bu; with 804 million bu now on hand, the disappearance for nine months must have been 510 million bu. Likewise, last year, we started with combined supplies of 1,093 million bu, and deducting 21 million bu, which was exported, it would leave 1,072 million bu. So with the 541 million bu on hand April 1, 1941, the nine months' disappearance a year ago was 531 million bu. We, therefore, conclude that domestic disappearance for the first three-quarters of the current season has been running 21 million bu smaller than last year.

Primary receipts were 549,000 bu, which was practically the same as last week and last year. Net changes in stocks so far this week at Kansas City and Minneapolis are negligible, with just a small decrease shown.

Final prices were 1/4¢ per bu higher for the May wheat, while the July advanced 1/8¢.

Corn was a little weak at times, but finally recovered. The same factors which we have stressed in the past are still with us.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

May 6, 1942.

For the first time since records have been kept, the four major exporting countries: namely, Canada, the United States, Argentina, and Australia,will face the start of the new crop year with a carryover in excess of a billion bushels. This is, of course, a staggering quantity and presents many problems to the individual countries, but with famine already prevailing in some European countries, and rapidly approaching in others, the reserve stocks may not be too large when peace finally comes to the world. Naturally, information as to actual conditions on the Continent is rather sketchy, but Broomhall recently has made some comments that should be of interest to people both in and out of the grain trade. He reports that supplies of grains are short in Rumania and that prospects for the 1942 harvest are poor. That government has warned its people that famine is not far off and that a gigantic effort must be made to grow and harvest a record spring crop of cereals. Rumania has suffered misfortunes through her association with the Axis Powers. The loss of Bessarabia and Transylvania has deprived her of two of the richest surplus producing provinces, and although grain can be grown in the remaining part of the country, it will need intensive cultivation. The past two years the weather was unfavorable for the development of the grain plants, and they are suffering from a shortage of agricultural man power and horses. Broomhall estimates that Rumania has had 300,000 casualties on the Russian front, and Germany is now asking for larger contingents to take part in the spring offensive. This is bound to cause a labor shortage in a country of approximately 17 1/2 million people. Because of this shortage, it is estimated that only two-thirds of a normal area has been sown to winter crops this year, and it is doubtful if the arrears can possibly be made up in the spring planting. Other Balkan countries are also undergoing difficulties. Hungary, Bulgaria, and Jugo-Slavia have their food problems; the rich Danube Valley has a shortage of grain, and everywhere pessimism exists over the coming harvest.

Conditions in the United States are quite the reverse. The Robinson Elevator Company, which we consider a very reliable source, states this week that the wheat crop in the State of Kansas has fully maintained its very glowing appearance, and reports almost without exception are most encouraging. There is some complaint in local sections of excessive rainfall and damage from severe storms, but the actual acreage affected is small compared with the total. We hear some complaints from parts of the winter wheat belt regarding unusually heavy growth. Ordinarily, this condition might be a detriment to the development of the plant, but this season in the western part of the winter wheat belt, there is a good supply of surface moisture, and also sufficient subsoil moisture to mature the crop, provided we should have anywhere near normal weather between now and harvest time. Mild, sunny weather would be helpful, but we see nothing about which to be concerned at the moment. Some apprehension was felt earlier about damage from green bugs, but the plant is now far enough ahead not to suffer any real menace from that source. The government weekly report states that in the Atlantic states dryness has restricted the growth of the plant, but topsoil dryness in much of the Ohio Valley has been relieved recently by beneficial showers. They further report that seeding in the spring wheat area is proceeding satisfactorily.

Primary receipts were 419,000 bu, which compare with 433,000 bu last week, and 592,000 last year. So far this week, Kansas City and Minneapolis show a decrease of 203,000 bu.

Early firmness was derived from strength in the Minneapolis market, where cash wheat was in good demand. There was also some fear expressed of a frost in the winter wheat belt, but from what we can gather there are no low temperatures in the sections where wheat has jointed. At the close May wheat was 1/8¢ lower, and the July unchanged.

Corn received good support throughout the session, and sales of corn out of Chicago totaled about 215,000 bu, which is a larger quantity than any day during the past week.

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CHICAGO MERCANTILE EX.

May 7, 1942.

The food situation in Europe continues to become more acute. The British Minister of Economic Warfare states that no matter how favorable the weather may be from now on, Germany and the occupied countries of Europe cannot hope to make up their losses on the food front, as last winter was the worst experienced in fifty years, making it quite impossible for Germany to achieve anything like an average acreage. While detailed information of the actual conditions which exist are almost impossible to obtain, nevertheless, some news seems to seep through, and we are again indebted to Broomhall for further enlightening information. He states that in Belgium, the weekly bread ration is 55 ounces, while in Greece only 37 ounces, which is equivalent to a little more than two loaves of bread, and in addition other foodstuffs are exceedingly scarce. No uniform rationing scheme exists in Poland, and there is a marked discrimination between different peoples. However, it appears that in Warsaw, the average rationing is about 39 ounces per week, while in Cracow it is 52 ounces. In Rumania 73 1/2 ounces are allotted to adults except workers in heavy industries, who receive 147 ounces. Turkey and Bulgaria have about the same allotment per person as Rumania. Hungary proportions about 49 ounces of bread per week to adults, with some special concessions to workers in heavy industries. Italy's ration is 36 3/4 ounces. In the United Kingdom there is no limit, but bread of 85% extraction is compulsory. Probably the smallest amount a week is given to the inhabitants of Spain, where agriculture has never recovered from the effects of the revolution, and the importation of wheat is seriously handicapped by the lack of tonnage and the shortage of foreign exchange. While in some of the above mentioned countries, it may appear as though the bread consumption should be sufficient, it is doubtful whether this is actually the case when the balance of food available is taken into consideration, as in many of the countries meat is hardly obtainable.

Considering that the United States actually has been in the war only since December 7th, and that already we have arrived at rationing of certain articles, and also have distortions in our transportation system, it can be readily appreciated how bad conditions must be in many of the occupied sections of Europe, where transportation was never at the same high level as in this country. Secretary of Agriculture Wickard stated that the war strain on our nation's distribution system was placing serious obstacles in the way of getting food to American consumers, and that shipment, whether by rail, truck, or ship, was getting tight, and that we cannot afford to move anything that is not absolutely essential. In fact, the Office of Defense Transportation has banned all grain movement over the Great Lakes except by special permit. This is done to conserve cargo space for the movement of iron ore, With the approach of harvest season, the movement of farm products will undoubtedly be hampered due to lack of transportation facilities. However, with the granaries in this country well filled, no pinch of most supplies should be felt for the present.

Van Dusen Harrington Co. report that early season prospects for northwestern grain crops are exceptionally fine. Although seeding has been delayed in a rather large area, they believe that with favorable conditions from now on these operations can rapidly be completed. There has been abundant moisture uniformly throughout the spring wheat States.

Primary receipts today were 629,000 bu, which compares with 503,000 bu last week, and 639,000 bu same day last year. Stocks at Kansas City and Minneapolis so far this week show a total decrease of 266,000 bu.

(O V E R)

Spokesmen for organized agriculture today vigorously oppose the President's suggestion to lower price ceilings on agricultural products from 110 to 100%. While no information is available as to the CCC's selling policy on supplies of wheat which they possess, the Senate Agricultural appropriations bill is still pending, which contains an amendment prohibiting the sale of government-owned commodities below the parity prices. Naturally if this bill should be enacted, it would lead to a very much better sentiment in the marke At the close, May wheat was 7/8¢ per bu higher, and the July 1¢.

Corn continues to gain friends; although the feeding ratio has slightly declined in the last few weeks, it is still very profitable to feed hogs. Furthermore, the demand from industries remai good.

Yesterday, Minneapolis oats went to a discount of 6¢ under Chicago, which is practically a full shipping difference, but with lack of space in Chicago and no carlot deliveries, it is difficult forecast the ultimate outcome.

UHLMANN GRAIN CO.

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CHICAGO May 8, 1942

Just at this writing, a great naval battle is being fought in he Pacific, and first reports indicate that it will far exceed the truggle of the Battle of Java last March both in scope and aftermath. ur navy and air force are reported to be inflicting severe damage pon the enemy.

This news did not have much influence upon markets in general, ut in grain it was noticeable that the carryover feeling from yesterday was quite bullish, and many traders are pointing to the fact that he Farm Bloc is still very powerful and is far from conceding any of he administration's points in connection with the agricultural program. This farm group insists that the different commodities now held hall not be sold, bartered, or transferred at any price below the arity level, and they, furthermore, want existing commodity loans continued one year. They are emphasizing that price floors rather than eilings should be the main objective, and they even go so far as to hink that the method of computing parity should be changed, which we resume is a step towards obtaining even higher rates for agricultural roducts than now prevail. With all this news and the friendly feeling to the market, first prices were somewhat higher, although volume f trade was again rather light.

The trade is not yet able to figure out what effect the shortage of boats will have upon markets and carrying charges. While it is rue that the conversion of many steamers to ore will prevent incoming hipments to Chicago from the Northwest, except where permits are ranted, it is also a fact that the outward movement from here to Buffalo and to Eastern ports will be hindered; therefore, with the large tock of wheat already on hand, there seems to be little tendency for elieving that carrying charges will narrow much. Furthermore, Secretary Wickard and other government officials are still discussing the roblem of congestion at terminals, and Chicago grain men are seeking o avoid any possible embargo regulations when the wheat starts to ove. Consequently, it is almost a foregone conclusion that with so uch grain already on hand, there will be ample supplies to take care f all consumptive purposes without much distortion. Hardly ever ave we seen a time when the governors of the various States had to oncern themselves so much with the shortage of storage room long before the crop was ready to move; but this is the situation in the orthwest, and a meeting in Bismarck and Pierre will take place in the ear future to try to iron out any difficulties.

Little attention is being paid these days to crop news and reports from Europe or Southern Hemisphere, owing to the fact that we re practically on a domestic basis because of artificial stimuli. evertheless, seeding in the Argentine is making headway in the Northern areas, and a good wheat acreage is now being sown. That country s having some difficulty in reducing its surplus, although negotiations now under way with Spain may result in the shipment of 10 million bu before August 1st. Considering the handicaps, a fairly good job has been done thus far, with a total of 56 million bu of wheat and lour cleared from Argentine and Uraguay ports since August 1st, compared with 62 1/2 million bu a year ago. In Australia, there will undoubtedly be an acreage cut, and according to the best information, verage production may be reduced by one-third. Moreover, moisture onditions for sowing all cereal crops are not too good.

Primary receipts were fairly large today at 603,000 bu compared with 458,000 bu last week, and 838,000 bu last year. So far his week, Kansas City and Minneapolis stocks show a net decrease of 18,000 bu. We shall probably have a larger shrinkage in the visible han last year, when it decreased 482,000 bu.

Without additional buying power, the local element started aking profits on a moderate scale, and, of course, with the legislative uncertainties, nobody can be entirely sure, even with the Farm loc anxious to help agricultural commodities, how surpluses will be inally handled in order to combat inflation. For the time being, it ay be that the market will need more resistance on bulges. Closing rices showed a loss of 1/4¢ a bu for the May wheat, while the July uture declined 1/2¢.

Corn at times was fairly firm, but finally gave some ground hen the leading cereal declined; pressure upon this cereal, however, as unimportant.

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CHICAGO MERCANTILE EX.

May 11, 1942.

Prime Minister Churchill's broadcast from London yesterday in-
icated conclusively that the Hitler time-table was not working ac-
ording to schedule, and certainly during the two-year period since
he Low Countries were invaded, the allied forces have been materially
trengthened. There is greater reason for optimism now than at almost
ny time, particularly since our own country is getting into mass pro-
uction of all essential war products.

About the only grain news over the week-end was the rather
eneral wet condition over the belt, but rains were not overly heavy
n Texas, and yet, were ample in Kansas; therefore, it was regarded
s a favorable omen for the coming crop. According to the weekly
overnment report, satisfactory progress was quite general, but they
lso stated that fair weather would be helpful in western portions of
he winter wheat belt. However, in the Atlantic States, dry weather
as restricted growth, but we feel that the topsoil dryness in much
f the Ohio Valley has been relieved by recent precipitation. Thus,
here seems to be no reason to worry over weather developments. Also,
n the spring wheat areas seeding has been completed in most sections;
onsequently, the outlook at this time is all that could be expected.

There has been a survey made recently in connection with
torage facilities, and the capacity of commercial elevators at forty-
even markets in the United States discloses that there is about 463
illion bu available this season compared to 457 million bu a year ago.
he elevators which were reporting do not include those attached to
ills or processing plants, and must, therefore, be regarded as com-
ercial warehouses, but on the 1st of May, approximately 75% of this
torage space was already filled, leaving only about 115 million bu
vailable for grain when the next harvest is ready. So we are faced
ith a different situation from ever before, and very likely impro-
sed storage in the country must be resorted to, as there is still
ttle chance of getting much grain out of this country through ex-
orting channels.

The market is still somewhat hesitant until more is known of
e disposition of government-held supplies. About 45 million bu of
eat was redeemed from a total of 358 million bu impounded from the
41 wheat crop, and in addition to this, there is still 121 million bu,
thereabouts, frozen from previous years, so that finally it will
ke a great difference marketwise as to whether these supplies are
ld until parity prices are reached, or whether the CCC may gradually
ll whenever they can do so without monetary loss to themselves. Un-
ubtedly, this is the reason for great indifference, such as was dis-
ayed on Saturday when less than 3 1/2 million bu of wheat was traded
all four futures. After the close today, we shall have a govern-
nt report, but it can only be of an optimistic tenor; therefore,
ould hold no surprises for the trade.

Primary receipts were 710,000 bu compared with 665,000 bu last
ek, and 1,329,000 bu last year. When the visible supply was posted
showed a decrease of 1,779,000 bu; in spite of this, total stocks
all positions are 73 million bu larger than they were a year ago.
Chicago there was a shrinkage of 181,000 bu, still leaving nearly
million bu at this market.

Trade was rather uninteresting, and at times a fair amount of
akness was apparent. There is still no complete confidence yet that
e government holdings will be withheld, and until this matter is
ttled, we feel that from time to time longs will continue to show
me uneasiness. However, with strength in corn, it finally gave us
rally in wheat, so that closing prices were 1/4¢ per bu lower for the
delivery, while the July was off 3/8¢.

Corn, as stated above, was in good demand, and one of the com-
cial users was a fair buyer of futures in the pit. Corn planting
ing the past week has made satisfactory progress, except in the wet
thwest. However, planting is beginning in Iowa unusually early,
has already started in the Plain States northward to Nebraska; so
m point of view of the crop progress, there are no complaints. The
ractive feeding ratio is still a big factor in favor of longs.

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CHICAGO MERCANTILE EX.

CHICAGO May 12, 1942

The government crop report was issued after the close of the market yesterday, indicating a winter wheat yield of 647 million bu, which is an increase of about 22 million bu over the April figure. This, however, was about as expected, and it was only about 5 million bu more than the average of the private experts. This time the government has included volunteer acreage, whereas the previous month for some reason or other it had been left out. There are other interesting observations, however, which we should like to point out. First of all, the area sown to winter wheat was the smallest except for one year since 1914, but the abandonment was only 6.3% because of the continuously favorable moisture supply in most of the States, and this after all is quite an item, as average abandonment for ten years amounted to 18.6%, or almost three times as heavy as at present. Also, the indicated yield per acre of 17.8 bu compares with the average of only 14.4; thus it will be seen that crop prospects on the whole are way above average, so that we may now expect a very big yield, despite the acreage reduction. It is only fair to point out that in the Central States where adverse weather occurred last fall, the results will be poor as compared with last year, and we have in mind Illinois, where the prospect is for only 18 3/4 million bu this season, or a little more than half as much as was raised in 1941. There is also a sharp reduction of about 12 million bu for Indiana, and nearly the same in Ohio, but in the Southwest, everything is different. Kansas will raise practically as much as it did last year, while the combined production in Oklahoma, Texas, and Nebraska will exceed the previous crop by about 43 million bu based on yesterday's figures.

With fairly good moisture reported over the Central States, the feeling this morning was a little bit bearish, and some liquidation took place. However, the trade still has in mind a possible compromise between the Farm Bloc and the administration with relation to the sale of government surpluses. Previously, the CCC had shown a distinct desire to merchandise these accumulations whenever the wheat could be sold without any loss, but if an amendment now offered would receive favorable acceptance, wheat sales might be considered at prices below parity only for feed, except that deteriorated grain might be sold at a cheaper price for the manufacture ofalcohol and similar uses. It is impossible at this time to try to figure out the future policies at Washington, but in the meantime, there appears to be considerable uncertainty, and yesterday again there was only 3 3/4 million bu of wheat traded in the wheat pit, which is quite indicative of the indifference which exists. It also shows that the trade cannot see the picture ahead very clearly. Of course, the artificial stimuli, which brought about high prices, also removed us as an exporter, and thus we are beginning to feel the effects of these secondary consequences. This is best illustrated by our poor export showing during the forty-four weeks of the present crop season, when less than 18 million bu of wheat and flour has cleared this country, while Canada in a period shorter by one month has placed nearly 165 million bu afloat.

Primary receipts were fairly large at 643,000 bu compared with 549,000 bu last week and 915,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 26,000 bu.

Volume of trade in all pits was extremely light. There was no feature whatsoever, although the selling prompted by the government report found new buyers rather adamant, and at the last, May wheat was 1/8¢ a bu lower, while the July delivery declined 1/2¢.

In corn, there were also some reactions on the fear that larger quantities of wheat might be fed if the government program matured. Also, pastures and ranges have had a good start in most States, and on May 1st, according to the government, were reported to be in better condition than on any similar May 1st during the past ten years, with the exception of 1941.

The government estimated the rye crop at 53 million bu. With a possible carryover of 30 million bu, we may have large enough supplies to last us for two years.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

May 13, 1942.

Hundreds of German and Russian tanks and planes, together with thousands of troops, are locked in a desperate battle now for control of the Kerch Peninsula, southern gateway to the oil-rich Caucasus. This is understandable because the question whether Germany has sufficient oil for large-scale and sustained military operations this year is exercising many minds. The supplies of Continental Europe as a whole may be at the rate of 12 to 13 million tons per annum, and even though non-military consumption of oil products has been drastically reduced, military requirements for a large-scale and sustained offensive this year must be very large. Moreover, the bombing of German's coal oil plants is still one of the great fears of disorganizing the entire military machine.

From an agricultural point of view, the third winter of war has again been bad for German crops. Farmers and peasants are being warned daily by radio slogans to speed up delayed work in the fields. Shortage of labor has grown to dangerous proportions, and Goering has decreed compulsory work on the land, and all persons whose health and occupation permit must help or be conscribed. As an example of what has taken place since the start of the war, we call attention to the fact that normal consumers, who on August 28, 1939, were permitted 88.2 ounces of bread per week, have now been reduced to 70.5 ounces, or a cut of 21%. The total meat allowance which just before the war was 24.7 ounces per week, now stands at 10.6 ounces, or a reduction of 57%. In the matter of total fats, the picture is almost as bad, as 14.8 ounces were allowed in August, 1939. This has now been reduced to 7.3 ounces per week, or a cut of 51%. This has all occurred, despite the seizure of foods in occupied countries, like France, Holland, Belgium, etc., and must be getting progressively worse, since Germany is cut off from overseas supplies. At the same time, there has been increased food consumption because of the large army, and up to now no surplus can be expected from the occupied provinces of the Soviet Union.

In this country, crop reports remain favorabe; recent rains have improved the condition of winter wheat, especially in the drier sections, and except for areas with severe green bug damage, complaints are not at all numerous.

Meanwhile, it appears as though a compromise between the administration and the farm bloc were in the making. The Senate appropriations sub-committee agreed yesterday to permit the government to sell up to 125 million bu of wheat, and unlimited stocks of corn for livestock feeding, provided that none would be sold at a price that would force corn below 85% of parity. If this plan is finally adopted, it will not release much wheat for normal milling or commercial purposes, and may, therefore, have a slightly bullish tenor. However, it is well to realize that domestic consumption during the current season will probably not exceed 670 million bu. Of this amount probably about 500 million bu was used for human consumption, and another 70 million bu for seeding purposes; so that even with concessions and attempts which were made to get more wheat into feeding channels, it is doubtful whether more than 100 million bu will have been so used. It would, therefore, appear to us if any of the accumulated supplies are to be turned into feeding channels at a price comparable with corn, that while some farmers may buy the government grain for that purpose, they could market almost a similar quantity of their own wheat to millers. Thus, we are not sure whether the additional amounts finally consumed will be appreciable.

Everything was extremely quiet again today, and it seems difficult for the trade to reconcile itself to so many changes which take place in Washington almost daily, with the result that we are facing different conditions, and a different outlook than ever before.

Primary receipts were fairly large at 686,000 bu compared with 419,000 bu last week, and 918,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 143,000 bu.

Trade on the whole was discouraged, and as a result recoveries today when they occurred were feeble. Final prices showed a loss of /4¢ per bu for the May wheat, while the July was off 1¢.

Corn was also under liquidating pressure. Some operators were fearful that the substitution of wheat for feeding purposes might change the outlook for the yellow cereal.

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CHICAGO MERCANTILE EX.

CHICAGO May 14, 1942

While the sales tax has been at least temporarily shelved, the
ower House has decided to lower individual income tax exemptions,
nd thus the broadening of the base may bring millions of new payers
nto the picture. The cost of this war is so huge that the greater
art of it must be passed on to succeeding generations no matter what
axes we may now levy. Apparently it is becoming clearer that cor-
orations cannot stand much more taxation if they are to survive. It
s well to note that the taxes during the first WorldWar were much
ower than the taxation imposed under the existing law, and it cannot
e overlooked that if corporations are not permitted to accumulate
ome cash reserves adequate to meet the heavy losses which appear in-
vitable at the end of the present war, the secondary consequences
ay be tremendous. We have already profited to some degree by the ex-
erience of 1920-21, when because of greatly increased inventories
nd drastic declines in prices at the end of World War I, together
ith the lack of adequate cash reserves, huge losses were suffered
nd numerous bankruptcies occurred. The stock market is showing evi-
ence of considerable concern that any additional taxes on corpora-
ions might be so destructive of values and so fraught with danger to
he continued solvency of our public corporations that any attempt
lone to check inflation is hardly a sufficient excuse to continue
urther heavy levies, which may interfere with individual freedom and
ay cause our system of private enterprise to suffer too much.

When our wheat market opened this morning, there werestill a
reat many legislative uncertainties. The President has an appoint-
ent today with Secretary Wickard and Senator Russell in connection
ith the agricultural appropriations bill, and very likely other para-
ount matters will come up for discussion. It is more than probable
hat both the administration and the farm bloc will have to make con-
essions, with the result that in the final analysis the government
ccumulations may be held more or less intact at under parity levels
xcept for the grain that is to be sold or bartered for feeding oper-
tions. As we view the situation, there is nothing particularly bear-
sh in such a move, but the trade remains nervous, and thus it is
ifficult to get any amount of new buying into this market, while
ome of the tired longs who have apparently become nervous have liquid-
ted their positions. In the meantime, those who watch statistics
re impressed with the tremendous carryover which will face us on
uly 1st. Taken in conjunction with the probable crop, we shall have
nough wheat on hand to take care of all domestic consumption for two
ears. Bins and grain elevators are nearly filled even before the
ext harvest, and storage facilities for the 1942 crop have caused
ufficient concern already that various private and governmental
gencies have held meetings to determine methods of marketing the new
heat. Also, the Secretary of Agriculture has considered further
egislation which would reduce wheat acreage from 55 million acres to
0 million acres and transforming the surplus land into plantings of
rops which are needed more.

On the whole weather seems mostly favorable, although one mes-
sage from western Kansas called attention to a hard freeze, and un-
oubtedly the nights had been too cold for the best development of
he crop; also, in some sections there has been a little too much
ain, but the recent government estimate was sufficiently high so that
ven a few moderate losses would not change the picture very consider-
bly.

Primary receipts were somewhat smaller at 531,000 bu compared
ith 629,000 bu last week, and 930,000 bu last year. Kansas City and
inneapolis stocks so far this week show a total decrease of 281,000
u.

There was no special feature. The market recovered from early
eakness, and last prices were about 1/4¢ a bu higher.

Corn was also weak at the start, with further local liquidation,
but rallied with wheat. Trade was not particularly big.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO May 15, 1942.

We have complete statistical data for the first forty-five weeks of the crop season. Therefore, it is timely that we should make a survey of what has taken place. Exports of wheat and flour during this period have amounted to only 17 3/4 million bu. Having raised the third largest crop in our history, and having had a carryover of almost record proportions, one would have expected that we would at least make greater efforts to clear larger quantities from these shores. It is certainly not a valid argument to say that the lack of boats was responsible for the poor showing, as we need only look at our northern neighbor, Canada, where shipments during a four-week lesser period have amounted to 170 million bu, and are actually 19 million bu larger than for the previous season. Assuming that our domestic utilization was 670 million bu, we still have 643 million bu of wheat available for export and carryover. Therefore, with only seven weeks to go before another crop is harvested, it is a foregone conclusion that our reserve stocks will be almost three times those of normal. The acreage sown for the 1942 winter wheat crop was only 38 3/4 million acres compared with 48 million the ten-year average. Yet, with a winter kill and abandonment of only 6.3%, the acres remaining for harvest are within 3 million of average, and since the moisture reserves in the soil are unusually good in the western two-thirds of the nation, we are promised a winter wheat crop of 647 million bu, which will compare with an average crop from 1930-39 of only 569 million bu. This gives us the story as well as it can be analyzed as of this date.

When our market opened this morning, prices were somewhat higher. The trade had in mind that yesterday's rally was quite impressive, and possibly the urgent liquidation for the time being had completed its course. Furthermore, the Farm Bloc still has considerable fight in its system, and will not yield easily on some of the controversial issues now at stake. This leads to the belief that regardless of the administration's wishes to combat inflation, ordinary sales of wheat to mills will be restrained and probably not made at prices under parity levels.

Not much attention is being paid to crop and weather reports from Southern Hemisphere. Nevertheless, it is interesting to note that in the southern part of the Argentine moisture conditions continue below normal, and generous rains will be necessary before seeding. The quantities of old wheat and corn on hand are still so large that an acute shortage of storage space is also reported in that country. Existing facilities are estimated to have a storage capacity of only 467 million bu, or less than half the space needed for current supplies. The government had planned to construct about 250 new elevators, but the program is reported to be making slow progress as the result of rising prices and the difficulty in obtaining materials. In Australia, the crop outlook is not too good. Western sections will plant about one-third less than last year, but other States will plant about the same as in 1941. However, the moisture situation continues generally unfavorable.

Primary receipts were quite large at 816,000 bu compared with 503,000 bu last week, and 1,158,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 369,000 bu. There should be a fairly large shrinkage in the visible supply next Monday; a year ago it decreased only 41,000 bu.

In the last hour of trade Secretary Wickard's statement was issued. He told his radio audience that if feed prices would rise as a result of restrictions put on the sale of corn and wheat, we would either have to risk inflation by breaking the price control structure, or else have to risk putting our soldiers abroad as well as our allies, and our own people, on short rations. He warned that the proposals before Congress to bar the sale of wheat and corn to farmers at less than parity prices would result in lessened production of food. This had a bearish influence; early gains were wiped out, and last prices showed a loss of about 1/2¢ per bu.

Corn declined fractionally, while rye was extremely weak.

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CHICAGO MERCANTILE EX.

CHICAGO May 18, 1942.

Reports from Washington indicated that the President had made ppointments with various congressional leaders and possibly some farm loc Senators for the purpose of trying to iron out legislative mat-ers pertaining to the disposition of accumulated supplies. The chief notive of the administration in trying to market these reserves is pparently a move to prevent a threatened increase in the cost of liv-ng,chiefly in the price of meat and dairy products. They have stead-astly held that the government had the authority to dispose of their urplus in order to keep living costs as low as was deemed necessary, nd undoubtedly now they may be successful in that attempt owing to a plit in the farm bloc, where the legislators from wheat States are esirous of having some of the grain sold for feeding purposes, while hose from the corn States feel that it might tend to depress the rice of corn. Therefore, men like Senator Gillette of Iowa have hown stiff opposition. While we do not have any inside information, e rather feel that the administration will finally win out, and thus cquire the right to sell 125 million bu of wheat, and also some corn, elow parity for purposes of feeding at a price probably not below 5% of the parity price for corn.

Generally speaking, the trade has been so confused over the hifting of positions at Washington that in recent sessions, there has een a fair amount of liquidation, and this continued during today's ession, when further sales took place, particularly in the early ealings. Speculative absorption was rather light, and this seems to e the rule now in all markets, because it is more and more difficult or most traders to become used to the present economic setup, which is onfronting us. When Britain entered the war in September 1939, our ederal debt, both direct and guaranteed, amounted to about $46 1/2 illion. This was considered enormous, and even then many were afraid f the possible inflationary tendencies. At the present time we are pending an average of $114 million a day for the war program and war xpenditures are expected to reach 50% of the national income of $120 illion in the fiscal year of 1943. Thus, when we become fully geared, e shall spend more during a twelve month period than the amount of ur total debt up to 1939, and so all calculations regarding the future re without precedent, and nobody can be certain of his footing. uring the past twelve months total living costs have risen anywhere rom 8 to 16 1/2% in sixty-four of our cities. This, of course, has eant that parity prices would have to advance more or less according o the formula set up for that purpose in order to give the farmers he amount of purchasing power which it was believed they had a right o expect. Present ceilings may prevent continuation of these ad-nces to the same extent, but still we have not yet reached a point ere parity prices show a reactionary move at any time as the monthly gures have been published.

Primary receipts were 880,000 bu compared with 710,000 bu last ek, but last year they were way up to 1,993,000 bu. When the visible pply was posted it showed the largest decrease in some time, amount-g to 2 1/2 million bu. This leaves total stocks in all positions ightly over 187 1/2 million bu, which compares with 116 3/4 million year ago. At Chicago there was also a large shrinkage amounting to 7,000 bu, leaving about 10 1/2 million bu at this market.

Trade was rather dull, but selling orders predominated despite e fact that wheat is selling at about 10¢ under the new loan level.

Prospects for winter wheat continue favorable in the main lt, while rains have improved conditions in the eastern Ohio valley. attered rains were also helpful during the week in the northeastern ates, but in the southeastern continued dryness was unfavorable. e weekly government report states that the crop continues to make pid growth in Kansas and in Oklahoma. Seeding of spring wheat is nearly npleted, and the crop is doing well generally; in fact, much of it up to good stands and growing well, with growth reported rank in th Dakota.

At the last, prices were about 1¢ per bu lower.

Corn was influenced somewhat by the declines in wheat and in e, but yet held comparatively well.

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CHICAGO MERCANTILE EX.

May 19, 1942.

With the arrival in recent days of several exchange ~~internees~~ at Lisbon, we are now getting more accurate information from Nazi Germany than was possible earlier, and censorship no longer prevents these correspondents from relating the facts as they saw them. Mr. Conger of the United Press portrays the German people as having been weakened by scanty food rations and driven like slaves by labor overseers, While he does not claim that anyone in Germany is starving, he does maintain that turnips are replacing potatoes as the principal staple, that meat is rationed at about eleven ounces a week and that four and one-half pounds of bread that is given each person weekly is tough and of the consistency of plastic wood. He points out that Germany's weaknesses in the order of their importance are lack of labor, lack of transportation, and shortage of food. All this may have a bearing once peace is restored to the world, when the surplus nations will be called upon for heavy shipments, but meanwhile world's import requirements are down to about the low level of last season.

There was nothing particularly new in overnight developments, but owing to the rift in the farm bloc ranks, it is now considered possible that the President will achieve his aim in having 125 million bu of wheat released for feeding purposes at sub-parity prices. The trade, however, is giving more consideration to the possibility of heavy impoundings from the next crop, and this is more apt to be felt whenever the milling demand picks up, as at present there is almost a dearth of flour business being put through each day; thus the removal of hedges from the pit is of little importance.

The Department of Agriculture has announced that the CCC will purchase grain storage bins from whatever sources they can to be used in relieving congested storage in the heavy wheat producing States. Consequently, we feel fairly sure that those compliance farmers who want to avail themselves of the loan will be able to do so except possibly in isolated localities.

Trade in Winnipeg has fallen to such small proportions that one can hardly believe it possible that the Exchange could remain open and function satisfactorily. Nevertheless, Mr. McIvor, who is Chairman of the Canadian Wheat Board has sanctioned the system of futures trading, and in a recent report at Ottawa even went so far as to say that by making use of the futures market instead of carrying the cash wheat and paying storage charges, the government over a four-year period had saved over $10 million. As everyone knows, Canada's main wheat customer has been the United Kingdom, and as it made its wheat purchases in the form of futures from the Canadian Wheat Board, these futures were exchanged for cash wheat whenever shipments were required. The Wheat Board in turn exchanged its wheat reaching the lake head for futures, because it was more economical to hold the futures. In view of that fact, Canada has exported tremendous quantities in recent months, and it must be gratifying for Canada to know that the government has found the Grain Exchange an economical system in carrying out the program.

Primary receipts were quite large at 924,000 bu compared with 643,000 bu last week, and 1,563,000 bu last year. Kansas City and Minneapolis stocks so far this week show a decrease of only 14,000 bu

Trade in wheat was of fair proportions compared with recent standards; at one time a moderate rally took place, but best prices of the day were not maintained, owing to the fact that milling demand was still slow and new buyers were hesitant. However, shorts played their part, and at the last wheat prices were up about 1/2¢ per bu.

Corn was also somewhat higher, and has held extremely well considering the declines in rye, oats, etc. The main thing in this cereal is that the consumptive demand is keeping up all the time.

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CHICAGO MERCANTILE EX.

May 20, 1942.

There was again little news overnight to influence wheat prices. The controversy at Washington between the administration and the farm bloc members continues, and it seems that a greater number of Senators now are loathe to do anything that might hurt farmers anywhere. In this connection, it is pointed out that if 125 million bu of wheat would be sold for feeding purposes, it might be to the disadvantage of certain producers who raise corn, and thus the arguments continue. To our humble way of thinking, a great deal of stress is being laid upon this matter, which, in the final analysis, may not prove to be as important as some believe. True enough, theoretically, if a quantity of 125 million bu of wheat could be sold for feeding purposes, it might displace a similar quantity of feed grains, of which corn might be the most important one affected, but this is largely theory, and it is doubtful whether it would work out exactly that way. In normal years we often use anywhere from 75 to 100 million bu of wheat for animal consumption, and while it is probably a fact that some additional amounts might be needed in localities where corn is scarce, we think that on the whole the government program might simply relieve wheat in any areas that would ordinarily feed, and in its place the government wheat would be used. So, we are not altogether satisfied that even this present program would cause so much distortion as some believe would be the case. However, one can never be sure.

The recent wheat conferences at Washington have been given very little publicity, and we are indebted to an article in the Broomhall paper from Liverpool for the information that we are now giving. The reports which he has and is disposed to credit provide for acreage limitation, export quotas, and controlled international prices after the war. He calls attention to the fact that the grain trade has always advocated the open market system of trading as the fairest and most efficient that could be conceived, and continues that it is unfortunate that it has not been given a fair chance. Government interference, he says, in one form or another has been universal. When we ourselves learn more of the Washington wheat agreement, we hope to draw further conclusions.

Shortly after our market opened, there appeared to be a better demand for rye on the assumption that government purchases of rye flour had been made, and this also boosted wheat. However, there was no great buying power, and we believe that the main factor is the almost complete lack of mill buying. According to the Northwestern Miller, bookings made by winter wheat mills during the week totaled 8% of capacity compared with 153% a year ago, and in the Northwest, mills reported sales of only 13% of capacity for the week against 56% last year. Thus it is a fact that both bakers and family trade are holding almost entirely aloof from the market, and apparently they, too, want to see whether crop prospects are fully maintained.

On the whole, winter wheat continues to make satisfactory progress, although it has been pointed out recently that if any changes occur, they are almost bound to show some deterioration, as the condition has started with such a high rating.

Primary receipts were smaller at 633,000 bu compared with 686,000 bu last week, and 1,161,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 40,000 bu.

Secretary Hull's statement was very encouraging. He said that there was some ground for hope that victory for the United Nations might come sooner than had been expected earlier this year. This may have been responsible for the late firmness in the market. At the close wheat prices showed an advance of 1/2¢ per bu.

Corn was moderately firm even when wheat was weak, and sentiment in this cereal remains bullish almost regardless of events in other pits.

Soybeans were very weak, but also showed some recovery from the low point of the day.

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CHICAGO MERCANTILE EX.

CHICAGO May 21, 1942.

Before our market opened this morning, many of the "peace securities" traded on the New York Stock Exchange registered higher prices, and this followed Secretary of State Hull's optimistic statement yesterday, together with heavy R A F bombing of Mannheim, Also, Hermann Goering, reflecting the sentiment of the German Corporalissimo, announced temporary reductions in the food rations, and told the German people that Nature had been unkind. According to his own version, last year rains were overabundant and reduced the harvest, while this year too much sunshine also is reducing crop prospects, but he warns that the war has to be "stuck out" no matter how long it takes. This is a different type of conversation from that which we have had from the heads of Germany on previous occasions.

Influenced by the overnight action of our Senate, wheat prices were firm early in the session, and it seems that the administration has triumphed again over the badly split congressional farm bloc, with the result that the proposed Senate legislation if finally made law, would permit the sale of 125 million bu of government wheat for feeding purposes at 85% of the parity price for corn. For several months past, the government has been pursuing a program of selling wheat for feeding purposes, but this has met with only reasonable success. Therefore, we are not at all sure that the new plan differs much from the old one, and there is certainly no assurance that the outside figure will be reached, as at about the same price farmers certainly prefer feeding corn to hogs and cattle, although poultry users naturally have always been in the habit of cracking up wheat and using it for poultry consumption. Rather unexpectedly, the CCC today launched a program whereby defaulted loan stocks of farm-stored wheat might be redeemed at wheat feed prices. According to the information from Washington, the agency hopes to get rid of a substantial portion of the 103 million bu of 1941 wheat and the resealed 1940 grain. Of course, this second program may not meet with any greater degree of enthusiasm than the first one, but nevertheless, the trade was nervous and numerous stop-loss orders were encountered, although this did not come until about mid-session. It was rather surprising that in the early trade all prices were pretty well maintained. Not much attention was paid to statistical news, nor to crop reports.

Van Dusen's weekly letter stated that conditions in the Northwest were decidedly favorable at this time, and that it was unlikely the prolonged seeding period would noticeably affect the total crop, although it had caused some shifting from wheat and possibly corn to feed, forage crops, and flax.

The Minister of Finance in the Argentine pointed that the burden of buying up huge grain surpluses by the government could not be borne forever, and that agriculture must make a necessary readjustment to raise more meat and less grains. In our own country, the trade seems to feel that the government, which has been supporting prices for many years, now has turned a little bit in the other direction , and with constant attention being directed toward ceiling prices, this may also have been the reason for some of today's liquidation.

Primary receipts were quite large at 914,000 bu compared with 531,000 bu last week, and 1,413,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 160,000 bu.

Trade became discouraged because of the poor buying power in all pits, and when stop-loss orders were uncovered rather sharp declines took place, but in spite of this wheat fared almost as well as any cereal, closing about 1¢ per bu lower.

Corn declined for reasons which have been stated above, and even oats were weak, the May delivery declining the full permissible limit after having had a checkered career.

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CHICAGO MERCANTILE EX.

CHICAGO May 22, 1942.

There was not a great deal of wheat news this morning, but it seems that the lack of buying power has been the main factor in markets during recent sessions. This undoubtedly resulted in the sharp recessions which took place yesterday on moderate liquidation, although sentiment today was a little more friendly to grains on the theory that the technical position may have been somewhat corrected. On the other hand, new buying power was extremely moderate, and so long as we get changing advises fromWashington almost daily, it is difficult for the trade to reconcile itself to the new economic conditions.

As a matter of fact, statistics do not count for much. Forty-six weeks of the crop year has now passed, and yet we have exported only 18 million bu of wheat and flour, while Canada in forty-two weeks has cleared about 170 million bu. Consequently, the only conclusion that one can draw is that the country to the North of us, keeping its prices in line with buyers' ideas, has succeeded, while the reverse is true here. Thus we are now suffering the secondary consequences of the artificially high loan, which has brought about these tremendous accumulations.

In the Argentine, agriculture is having its troubles, but, of course, there have not been such tremendous quantities of money given to the farmers in the way of subsidies, and a country of 12 million people cannot afford to undertake the program which was established for this country. They have recently announced that farmers would be loaned a total of $25 million to encourage cattle raising and mixed farming on acreage previously sown to cereals. Even with the price structure in that country way below ours, the acreage sown to wheat has been pretty well maintained over a period of years, and now that seeding is progressing satisfactorily, with ample moisture except in the Southern areas, there may still be a fairly large crop next season. Should the war last, nobody can forecast how the situation will be handled. In Australia, wet weather in parts of the country during the past week is regarded as very beneficial. However, seeding conditions are quite irregular, and there is evidence that substantial reductions will occur in nearly all states. Probably the most pronounced is in Western Australia, where a 33% decrease is anticipated.

Ordinarily at this season of the year, the trade would be most interested in Canadian developments, but not so now, as artificial stimuli are paramount, and the question of Canadian acreage is hardly mentioned by the trade. Nevertheless, the Free Press reports that in the Prairie Provinces, there may be a reduction of 6% in sowings from 1941, while flax and coarse grain acreage will be higher. Wheat seeding is about 85% completed, and we hear that after considerable delay, occasioned by rain, snow, and cold weather in late April, there has been fair progress since the beginning of May. There is no feeling of pessimism in Canada, even with the large prospective carryover, and in the words of one of our good friends in Winnipeg, "Given favorable growing conditions this year, the farms of Western Canada promise to provide this country with one of its greatest assets in the successful prosecution of the war."

Primary receipts were 798,000 bu compared with 816,000 bu last week, and 1,574,000 bu last year. So far this week stocks at Kansas City and Minneapolis show a net decrease of 278,000 bu. There may be a fair decrease in the visible supply again on Monday, whereas a year ago there was actually an increase of nearly 2 million bu.

There appeared to be a slightly better milling demand, but with cool, wet weather in the Southwest, bulges did not hold, and final prices were about 1/4¢ per bu lower.

Feed grains were quite strong; oats particularly, but even in corn the undertone was slightly improved. Rye has had a big break, and while statistics are bearish, one has to bear in mind that this cereal is selling at a tremendous discount under almost everything else. While the war lasts it may be difficult to boost prices, but on any peace outlook the situation could easily change.

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CHICAGO MERCANTILE EX.

May 25, 1942.

Developments over the week-end were without special interest
to the grain trade. Weather had been mostly clear; temperatures
were also satisfactory, and the government in issuing its mid-monthly
report increased its estimate of the winter wheat crop by one mil-
lion bu, which is evidence that the wheat status has been maintained.

There was considerable publicity in the various newspapers
relating to the food problems in Germany, which seem to be growing
each month, and apparently reserve stocks have been reduced to the
smallest proportions. A special report to the United States Depart-
ment of Agriculture claims that the past winter was the most severe
of the last three hard winters, and is said to be the worst in the
last century. The German Minister of Agriculture recently announced
that winter sowings had been damaged, and therefore, urged farmers,
despite the late spring, to plant summer grain, potatoes, and oil
crops. With the outlook distinctly unfavorable, the Axis is beginning
to sense the necessity of further strict rationing. Many people have
been wondering how Russia was faring owing to the loss of the surplus
grain in the Ukraine. It is interesting to note that she has started
new drive to increase food production, and Siberia is said to have
great possibilities, as there are large tracts of land capable of
higher yields per acre than in the Ukraine. The British Empire, in
onjunction with the United States, has undertaken to ship about 100
million bu of wheat and flour to Soviet ports this year. Such a quan-
ity would about equal the amount of grain which was lost through
German invasion of the Ukraine, but we have no way of knowing to what
xtent shipments have been made, except that our own clearances from
he United States do not indicate any large movement in that direc-
ion. As Broomhall points out, Russia has surprised the world by her
military might, and may yet surprise the world by her agricultural
chievements. He has in mind that the way Russian industry has been
peeded up, when the war is over, the vast new factories may turn
ut plows, tractors, and other farming implements almost as freely
s they are now manufacturing tanks and armored cars, So in the
ost-war period of adjustment, this vast country may again become
tremendous competitor of other agricultural nations of the world.

There is nothing new from Washington on legislative matters,
lthough it is pretty well established now that farmers will be per-
mitted to redeem farm-stored wheat that is held under the loan at
east until June 30th of this year at feed wheat prices. This seems
o be the program regardless of the pending legislation, which later
ould permit an additional 125 million bu of government-owned wheat
o be disposed of under certain conditions. The chief point, however,
s that through neither of these measures will wheat be released for
milling or commercial purposes at less than parity figures. With
this situation prevailing and another high loan in prospect, we can-
not visualize much immediate pressure upon markets.

Primary receipts were 785,000 bu compared with 880,000 bu last
eek, and the big sum of 2,595,000 bu last year. When the visible
upply of wheat was posted it showed a decrease of 1,150,000 bu;
otal stocks in all positions are now 186 1/2 million bu, or about
7 1/2 million bu more than was on hand a year ago. With a shrinkage
n Chicago stocks of 266,000 bu, it still leaves 10 1/4 million bu at
this market.

Trade was extremely dull, although somewhat better than on
aturday when only about 3 million bu of wheat were transacted in the
t. We believe that the lack of buying power in all speculative mar-
kets was the cause for slight recessions; in addition to this, mill-
ng demand is also extremely dull, and apparently earlier bookings
ere larger than had been announced. At the last, wheat showed a
oss of about 1/2¢ per bu.

Corn was fairly firm, and bookings from the country were con-
iderably larger. Late weakness in wheat was a factor, but legisla-
ion recently approved by the Senate and now awaiting conference con-
ideration, discloses that we may finally have a law which would pro-
hibit sales of government corn at less than parity price to indus-
ries engaged in the manufacture of corn products. Undoubtedly, this
actor has had some market bearing.

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CHICAGO MERCANTILE EX.

CHICAGO May 26, 1942

There was no special grain news overnight, but the trade is till laboring under the handicap of insufficient speculative support o impart much firmness to markets, and this seems to be quite general all along the line. Even with satisfactory earnings in many ndustrial corporations, stock market activity is unimportant, and hus various commodity and securities markets are merely drifting.

Kansas winter wheat prospects, according to the State report, mproved by about 2 million bu during the forepart of May, and if he present promise of production finds fulfillment, we shall have a ield of nearly 175 million bu, which would be the third largest crop n record. Many people have maintained that the conditions in the outhwest have been so uniformly good that if any change were to ocur, it might be for the worse rather than for the better. However, aking the winter wheat crop as a whole, we find that in most years he final results are better than the indicated production figures n May, as the record will show for the past ten years:

EAR	MAY OUTLOOK	FINAL CROP		NET CHANGE
941	653 million bu	671 million bu	+	18 million bu
940	459 "	558 "	+	99 "
939	543 "	563 "	+	20 "
938	754 "	688 "	-	66 "
937	654 "	685 "	+	31 "
936	464 "	519 "	+	55 "
935	432 "	465 "	+	33 "
934	461 "	437 "	-	24 "
933	337 "	376 "	+	39 "
932	441 "	491 "	+	50 "
		Average Increase		25 "

onsequently, it will be seen that in eight years out of the ten; mprovement took place between the month of May and harvest time, nd on an average there was an increase of 25 million bu, with only wo years when the crop actually deteriorated. We are not insisting hat with the outlook already so good, the final result this year ill show as much improvement as in those years cited, but, nevertheess, the chances for any heavy reduction are hardly likely based on he present satisfactory weather conditions and the law of averages.

Primary receipts today were somewhat larger, at 1,246,000 bu ompared with 924,000 bu last week and 1,499,000 bu last year. Kanas City and Minneapolis stocks so far this week show a net increase f 125,000 bu.

There was no particular feature to the market, but in the early rade volume was practically as low as yesterday, when less than 4 illion bu of wheat was transacted in the wheat pit, and there may ave been a slight recovery later on but nothing appreciable. Aparently, it will take new incentives to get us out of the present ut. In the meantime, milling demand is still poor, but the American eople are still eating, and we know that sooner or later this deand will improve. Also, there will be large quantities of wheat imounded from the next crop; therefore, with these factors, we still refer the constructive side of the market on breaks.

Our advices from the Northwest were all rather optimistic and he weather during the past week has been practically ideal for the rop. Wheat seeding is completed, but, of course, there is a decrease n acreage in the extreme North end of the Red River Valley.

With general indifference, final prices showed a decline of /8¢ a bu for July wheat, while the September was unchanged.

Corn bookings were again quite heavy, but this had little inluence upon the futures market. Despite weakness in wheat, corn aintained a firm undertone,

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CHICAGO MERCANTILE EX.

May 27, 1942.

The great indifference in all speculative markets continues,
d we believe that this is still the main influence at the moment.
matters little whether we look at speculative positions or at the
lling demand --the story seems to be the same. The open interest
s increased from 2 to 2 1/2 million bu from the low point, but it
still extremely small, with only 34 1/4 million bu of open con-
acts for all wheat futures. This can only be explained by the fact
at so much of the wheat at terminal markets is not hedged, owing to
e fact that a large percentage was under loan. Ordinarily when the
w crop starts to move, the demand comes from several sources. The
porters are naturally interested in the early arrivals, but this is
mething that we can almost completely forget, as the clearances from
is country are very much restricted, and there is no sign of any
provement, with other exporting nations way beneath our price level.
en, there is also competition between the mills and elevators, as
turally the warehousemen would like to fill up their space during
e period of accumulation, but this is something that does not have
be feared during the coming season, since storage space is already
ll occupied. Thus, the mills and actual users of wheat will have the
rket more or less to themselves. While it is true that a great deal
wheat will not be sacrificed because in excess of 80% of the farmers
e complying and can take advantage of government benevolence, never-
eless, there will be some offerings, and today, for the first time,
heard that 20,000 bu of No. 2 grade wheat was booked from the coun-
y at a price of 3 1/4¢ under Chicago July for shipment by July 20th.
l these factors have been contributing to the local discouragement,
th the result that new buying power has been rather sparse. At-
ntion is also directed to the fact that when May wheat expired a
ek or so ago, the last price was 117 3/4, which is not very good
nsidering the various artificial stimuli that had been in force.
though it is admitted that the new loan level will be considerably
gher than the last one, it is also a fact that if the present crop
ospects are maintained, we shall again add to our carryover reserve
year hence.

According to the Northwestern Miller, the general tempo of
ur business is unchanged, and about the only new purchases were
ose that gave the buyer concessions. Bookings by spring wheat mills
owed a substantial increase, however, although this informant claims
t it represented sales made to the government and the regular trade
ght very little. Bookings however, were 58% of capacity compared
h 13% a week ago, and 56% last year. In the Southwest, the volume
26% this past week compared with 8% the previous week, and 34% in
1. This all means that only small quantities of hedges are being
oved, and close pit observers have noted that situation for some
e.

On the whole, crop prospects are well maintained. If present
ther in Texas continues, there may be a fair run of wheat between
e 10th and 15th, while in southern Kansas wheat is now in the fill-
stage, and cutting there may be as early as June 20th. According
the weekly government, there was no material change in the condition
winter wheat, except that additional rains in the Northeast and
inuation of light falls in much of the Southwest have been favor-
e. Dry, sunshiny weather would be helpful.

Primary receipts were 528,000 bu, which was quite a reduction;
s compares with 633,000 bu last week, and 1,178,000 bu last year.
sas City stocks for two days decreased 78,000 bu.

After mid-session advices from Washington stated that the
te might vote on a bill today which in effect would restrain the
or any other governmental agency from selling commodities below cer-
price limitations. This was construed as somewhat bullish, with the
lt that final wheat prices were about 3/4¢ per bu higher.

Corn was not particularly buoyant, country marketings were again
e large, and this cereal lagged. Rye was very strong, and seems to
aining friends with some traders foreseeing the possibility of
-lease shipments to Russia. This is mere conjecture.

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CHICAGO MERCANTILE EX.

May 28, 1942.

There had been considerable confusion amongst commodity
raders yesterday owing to the pending legislation at Washington,
hich some construed as intended to restrain various governmental
gencies from selling accumulated surpluses at below parity prices.
here was nothing in the overnight developments to indicate that any-
hing was being done immediately in this direction, although we were
old that the Senate had passed legislation extending for one year the
aturity date of government loans on cotton, corn, and wheat from the
941 crop. As this pertains to wheat, it could only refer to farm
oans since others had already been in default, and, of course, the
ajority of loans were those on warehouse storage. There is still
bout 102 million bu of wheat in which farmers have an equity, and
s we understand it, the CCC has tentatively made available such
rain to its owners for feeding purposes at a price about equal to that
f corn. This program is expected to continue until the end of June.
owever, there is no wheat which is directly or indirectly under
overnment domination that is being offered to the mills or to other
ommercial consumers at less than parity prices, but on the other
and, there appears to be enough in the free supply to take care of
mmediate requirements.

With some disappointment, early prices showed a sagging
endency, and since shorts had covered commitments pretty well yester-
ay, new buying power was insufficient. Weather on the whole remains
atisfactory, although some rains in the Southwest have occurred
here sunshine might have been preferable. There is also the possi-
ility of thunderstorms in Oklahoma in the northwest portion this
fternoon or tonight. Reports from Nebraska claim that the winter
heat prospects continue very favorable. One of our good friends
ells us, from his personal observation, he thinks that State might
asily raise 55 million bu. During the last few days, weather has
urned very favorable, as it is now warm and windy, and this is just
he right kind of weather for wheat. The plant is heading out all
hrough the territory around Hastings. He also points out that corn
lanting over the State has been delayed but farmers are now busy
owing, and with such wonderful soil conditions, corn could easily
atch up.

Despite the fact that the loan price for wheat at Minneapolis
the same as Chicago, their July wheat is selling at a discountof
bout 7 1/4¢ under Chicago. Considering that Minneapolis July wheat
still an old-crop position, this is a very heavy discount. Part
it may be due to the fact that as a war emergency Chicago does not
rmit carlot deliveries, but apparently, Minneapolis is also influenced
the recent sales of CCC wheat in the Northwest, which contained high
isture content, and the continuation of the poor milling demand. In
y event, it has had the effect of producing a bearish feeling in some
arters, as it is not common for Minneapolis in ordinary years to be
weak as compared to Chicago and to sell at practically a full ship-
ng difference.

Primary receipts were moderately large for this season of the
ar, amounting to 732,000 bu compared with 914,000 bu last week, al-
ough a year ago they amounted to 1,700,000 bu, at which time there
parently was some space at terminal markets, and farmers were making
om for the new grain about to be moved. Minneapolis and Kansas City
ocks so far this week show a net increase of 85,000 bu. Our advices
ld of two loads of new wheat being received yesterday at Crowell,Tex.
e wheat apparently was of high moisture content, testing 60.5 pounds;
e protein test had not yet been taken.

Our market was under some liquidating pressure during most of
e session, and reversed yesterday's action, with recent buyers more
less disappointed. Final prices showed declines of 7/8¢ per bu.

Corn bookings from the country were fairly large, but dimin-
ned on the decline. The government states that the corn-hog ratio at
icago for the week ended May 23rd, was 16.4 compared with 16.2 the pre-
ous week, and 12.6 a year ago.

September and December oats went into new low ground for the
ason.

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CHICAGO MERCANTILE EX.

May 29, 1942.

Weather everywhere seems to be ideal, and we hear practically
complaints. Spring wheat seeding is about completed. During the
st few days, it has been clear and fairly warm in the Northwest,
d this should help the growing crop very much, although everyone
mits that there is a long period yet between now and harvest, and
ch can happen in the meantime. In Canada, the wheat seems to be all
the ground in the Prairie Provinces, although a fair proportion,
d possibly as much as 25%, of the coarse grains is yet to be sown.
l in all, the plant presents a good appearance, and the same sort of
enery everywhere in the growing belt has created a more or less
arish feeling, particularly since we are pretty well cut off from
reign markets, and will have only our domestic consumption to contend
th during the coming season, with our carryover almost sufficient
r that purpose.

Forty-seven weeks of the crop season has now passed, and total
ports of wheat and flour amount to only 18 1/2 million bu, or possibly
e-ninth as much as Canada has cleared in a slightly shorter period.
other words, they have placed more than 170 million bu afloat, this
antity being about 19 million bu more than for the previous season.
is is indicative of the fact that there is a demand if the proper
nditions prevail. At the end of next month, the current crop season
r the United States will be ended, and from all appearances, we shall
ve a carryover ranging from 630 to 640 million bu, which is the
gure that the government has prepared us for, but nevertheless, it
almost three times the normal reserve stock. It seems as though all
e exporting countries, being handicapped by lack of foreign demand,
ll have to carry larger reserves than in peacetime.

Taking the Argentine as an example, they started off last
nuary with 120 million bu of wheat on hand, and while the crop is
nsiderably smaller than last year, total supplies were slightly more
an 344 million bu. Home requirements are estimated at 110 million
, and exports since the first of the year have amounted to 31 mil-
on bu. Therefore, there is still 203 million bu of wheat available
export and next carryover, so that they have a fairly important
oblem with which to cope. In Australia, the government is consider-
a new system of payments for the 1942-43 harvest. It provides
a bu at country points for the first 3,000 bu, and the Minister of
mmerce figures that the new scheme will cost the government somewhat
ss than the present one, but will result in a more equitable distri-
ion and greater protection to the small wheat growers. While no
ures on exports are complete owing to censorship, they naturally
doing comparatively little, and for that reason have deemed it
isable to spend about $95 million per annum in an effort to help
wheat farmer.

Primary receipts were 767,000 bu compared with 798,000 bu last
k, and a holiday last year. Kansas City and Minneapolis stocks so
this week show a net increase of 45,000 bu. We do not look for a
vy shrinkage in the visible supply on Monday, although last year
e date, there was an increase of 612,000 bu.

Volume of trade did not expand much, and the total open inter-
in all wheat futures is less than 35 million bu, which is a smaller
unt than the open interest of July corn, showing considerable indif-
ence on part of the trade. So many people are wondering what dis-
ition will be made of the wheat when it moves, and this, together
h favorable crop prospects, has created a certain amount of bearish
timent. Also, Secretary Wickard's talk, urging farmers to market
ir hogs early, and informing them that they have nothing to gain by
ding back since price ceilings would not permit hog prices to go
higher, was also a factor. With weakness in various fat and oil
ducts, further selling of wheat futures took place, final prices be-
1¢ per bu lower. The deferred months made seasonal lows.

Corn held relatively well, and on the declines the movement from
country drops off. The commercial demand, however, is pretty well
tained.

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CHICAGO MERCANTILE EX.

CHICAGO June 1, 1942

There was very little grain news over the holiday, although some rains had been reported in our Northwest, as well as in the Central States; moisture also occurred in the northeastern part of Kansas. Most attention, however, centered upon the RAF raids over Cologne yesterday,which was reported as the most daring and heaviest attack that has been made thus far upon any city, possibly as many as 1,500 planes participating. The result was a slightly higher stock market early today, but grains did not sympathize to any extent owing to the fact that there are so many uncertainties still surrounding our markets.

The CCC holdings of wheat now amount to 315 million bu, and, of course, include the latest acquisition of warehouse wheat, but besides this there is some 102 million bu still under the farm loan, and here recently farmers were given an additional twelve-month period to decide whether they will pay off this obligation or default. There is one other alternative: namely, that if they wish to repossess the wheat for feeding purposes, they may do so by paying about the same amount of money that they would for corn, but we have no idea as to what progress the latter program is making. In any case, there is a huge quantity that is either directly under the loan or under government domination; in fact, almost twice as much as had been accumulated during the Farm Board era. With the high parity price prevailing, it is also reasonable to expect that the additional quantities which will be frozen after the next harvest will add considerably to the accumulations already on hand. It is for these reasons that the average trader finds it so difficult to appraise market values, with so many artificial stimuli with which to cope.

The crop prospects in the Southwest are still very flattering, and the Santa Fe report today calls attention to the fact that while there may be losses in a few localities, they are being counterbalanced by a remarkable showing, especially in the western part of their territory, and they feel that the latest official government production estimates are likely to be upheld, although these figures may prove to be the tops. We also hear from Canada that the largest part of the crop has now been sown, and on the whole,eastern and southern Manitoba, southeastern Saskatchewan, western Alberta, and the Peace River country show good prospects for normal yearly crop development. In other districts of the Prairie Provinces, moisture supplies vary a good deal, and it is considered likely that generous rains will be needed to overcome a deficiency of subsoil reserves.

Despite price ceilings and the repeated attempts to prevent agricultural prices from climbing excessively, the Economists of the Department of Agriculture expect that the first six months of 1942 will show the best half-year cash income on record. In other words, they believe that the total will exceed the 1941 income by about 2 billion.

Primary receipts were somewhat heavier at 1,548,000 bu compared with 785,000 bu last week and 2,113,000 bu last year. When the visible supply was posted it showed a decrease of only 202,000 bu, and total stocks in all positions are now 186 1/4 million bu, or about 6 3/4 million bu more than was on hand in 1941. Chicago stocks increased 30,000 bu, with somewhat over 10 million bu in this market.

Shortly after mid-session the trade became disturbed when the President authorized Secretaries of War, Navy, Treasury, Agriculture, Commerce, etc. to make emergency purchases abroad of war materials, which could be admitted free of duty. This caused considerable liquidation in wooltops and in cotton, and also spread to rye and other cereals. Nobody, of course, can tell what the final result of such a program might be, even though it is not primarily intended to stave off inflation or to keep prices down.

The trade seems to have been rather nervous over developments for some time, and today's news did not help the situation at all; in fact, final prices showed a decline of 2 3/8¢ a bu for wheat, while rye was actually 2 3/4¢ lower.

Corn held reasonably well during the first part of the session, but finally was influenced by the sharp break in the leading cereal.

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CHICAGO MERCANTILE EX.

CHICAGO June 2, 1942.

The British again loosed a large scale bombing raid on Germany
luring the night over Essen, where the vast Krupp armament works are
located, and which is also the site of the German Goering Steel Works.
This must be a rather bitter pill for Marshall Hermann Goering to
swallow, in view of the fact that in the past he promised the Germans
that no United Nation aircraft would bomb any part of Germany. To
igure that the extensive raids of the last few days have lowered the
German morale to a cracking point would be an error, but without try-
ng to be overly optimistic, it must be slipping. The Germans have
een forced to live through two winters with the continual lessening
of food rations. An English source reports that the brewing of beer
vill be discontinued in the Reich after the 1st of July. The European
erman allies in this war are proving to be more of a liability than
n asset. Italy would probably collapse if it were not for the
resence of a large number of German troops in that country. Finland
s prevented from suing for peace through the domination of the Nazis;
ulgaria seems to be unwilling to fight Russia, while Hungary and
umania seem to be quarreling. The invasion of Russia with the
errific casualties must have taken a heavy toll of the young men who
ere brought up and raised as enthusiastic Nazis.

President Roosevelt's executive order of yesterday, authoriz-
ng the Secretaries of War, Navy, Treasury, and Agriculture to make
mergency purchases of war materials abroad and to admit same into
his country free of duty, naturally aroused the opposition of the
arm Bloc leaders in Congress, who are fearful that it might lead
o the importation of farm commodities, and consequently the lowering
f domestic agricultural prices. However, officials of the Agricul-
ural Department expressed the belief that the executive order was
oncerned more with industrial materials, such as copper, aluminum,
ead, zinc, etc., rather than with commodities. While the administra-
ion has been vitally interested in preventing any rapid rise in the
ost of living in this country, it is rather questionable, with our
remendous surplus of wheat and with present prices ruling 15 to 17¢
nder the 1942 loan value, whether any importation of this cereal
ould be attempted. Furthermore, under date of May 28, 1941, President
oosevelt signed an executive order establishing wheat import quotas,
nder which Canada is permitted to export to the United States
95,000 bu of wheat a year, while imports of an additional 5,000 bu
ore distributed among thirteen other countries. As we understand the
ituation, this proclamation is still in force.

We received a letter today from a very well-posted grain man
n the Northwest, who reports that "Generally speaking the outlook
or spring wheat is all that could be wished for." Reports from the
outhwest also indicate that the winter wheat prospects are being
aintained. The situation surrounding wheat is almost paradoxical.
n the one hand we have crop prospects of around 850 million bu, and
arryover in the neighborhood of 630 million bu; therefore, we will
ace the new crop year with supplies of nearly 1 1/2 billion bu, or
ver two years' domestic requirements. On the other hand, we have the
overnment loan program, with a level of prices 15 to 17¢ above present
arket values. With a vast majority of the farmers now complying with
e loan program, it would seem elemental that values will have to
vance substantially to attract much of the new wheat to market. Yes-
rday seven cars of new wheat arrived in Fort Worth, from Crowell,
xas, and it all went into storage. This might be indicative of what
ll happen when the crop moves in larger volume if prices do not en-
nce.

At the present time there is a dearth of new buyers, but at some-
at lower levels investment buying will undoubtedly be attracted to
e market, with the feeling that somewhere during the crop year wheat
ll have to advance to close to the loan levels.

Primary receipts were 663,000 bu versus 1,246,000 bu last week,
d 1,270,000 bu last year. Kansas City and Minneapolis stocks so far
is week show a net decrease of 117,000 bu.

There was a slight recovery at the opening of the market, but
vances were not maintained, and locals seemed to press the selling
de. On the breaks there was some evidence of mill buying. At the
ose both July and September wheat were 1¢ per bu lower.

Corn showed independent strength. There seems to be unwilling-
ss on part of producers to market this cereal on breaks.

Rye was subject to rather heavy liquidation.

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CHICAGO MERCANTILE EX.

June 3, 1942.

The English staged another air raid over the Continent last ight but not on the stupendous scale of the past few days, and the eneral tenor of the European news continues about the same. Economic onditions in Germany must be subject to great strain, and the failure o bring the Russian campaign of 1941 to a successful culmination has eant that for another year the Reich must depend on the resources and roduction of Europe alone. While information is greatly restricted, is apparent that the harvests of 1940 and 1941 were below the average, and the outlook for 1942 does not hold out any great promise. The reat bottleneck in Germany is probably labor, with both industry and r creating a drain on manpower. The more the Nazis call on the labor their allies and invaded countries, the greater will be the strain the agricultural production of those countries. Prior to the ssian campaign, Germany was able to have a partial demobilization her armed forces during the winter to meet the demands for war proction, but the winter campaign of 1941 certainly must have prevented e carrying on of such a policy. Foreign labor must be unsatisfactory far as plant efficiency is concerned, and the further rationing of nsumption goods will also have a tendency to lower the efficiency the worker. Unless this summer and fall brings new conquests to rmany in the way of land, resources, and supplies, that country must more nearly approaching conditions which existed just prior to the mistice of 1918, with the United Nations growing stronger and their esources almost unlimited.

The government weekly weather report speaks of fair weather, d more sunshine would be helpful in the northwestern areas, although eather on the whole continues favorable for the development of the all grain crops. East of the Mississippi river, winter wheat has de generally good progress. In the Great Plains States they report continuation of a favorable outlook, with ripening reported as far rth as southern Kansas, where harvesting is expected to start within week or two. The weekly report, however, comments that in western nsas some of the volunteer wheat has deteriorated because of dryness. wever, many grain men are still taking a very optimistic view of nsas prospects, and a few of these observers have estimated that nsas has the possibility of raising up to 200 million bu, if growing nditions should be favorable from now until harvest.

We were furnished today with the second of the private crop stimates. Mr. G. M. Galvin estimates the winter wheat production at 1 million bu, and a probable yield in spring wheat of 198 million, a total of 859 million bu. In normal times, with the carryover and ch prospects, the trade would be extremely bearish, but the government loan policy naturally affects the entire picture, and it is hardly nceivable that very much new wheat will be marketed at the present vel of prices. The administration in its attempt to avoid any inationary movement in this country seems to have checked any bullish thusiasm for the moment, but many economists believe that the best e government can do is to cushion advances, and that rather rapid flation might develop in this country with the termination of the r unless further curbs and checks are used. The wholesale index r the United Kingdom has advanced each month since the outbreak of e war in 1939, and the latest figure stands at 158.8, which compares th a point or two under 100 when hostilities started.

It is interesting to note that a year ago today Chicago July eat closed at 97 3/4, and although the loan was not announced until ne 6th, the futures price was 17¢ under the $1.15 loan in Chicago. day Chicago July wheat closed at $1.16 1/2, which is 15 1/2¢ under the 42 loan. As we all remember, prices last year advanced to $1.27 3/4 r the December futures, and to $1.34 1/8 for the May. While no two ars are alike, we think that in the long run the loan again will have stimulating effect on prices of free wheat.

Primary receipts were 627,000 bu compared with 528,000 bu last ek, and 999,000 bu last year. Kansas City and Minneapolis stocks so r this week show a net decrease of 204,000 bu.

There was a more settled feeling in the wheat market today, and ile prices at one time were fractionally under yesterday's close, nal quotations for the day were 7/8¢ higher for the July future, and e September was up 3/4¢.

Corn, after selling at a lower price than in a number of weeks, llied and closed fractionally under last night. Private reports dicate a fair increase in this year's acreage, and early progress ems to be satisfactory.

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CHICAGO MERCANTILE EX.

CHICAGO

June 4, 1942.

The Bureau of Agricultural Economics has just released an article taking a rather optimistic view of future wheat prices, despite the huge total supplies that will be on hand after harvest. Their conclusions are drawn from the fact that they think more than half the carryover on July 1st will be under government control This is undoubtedly so, as we believe that abouta third of the carryover will be in free hands and almost two-thirds either in possession of the government or under loans. The Bureau further states that "if space can be obtained" nearly half the new crop can be stored. We presume by "stored", they mean put under the loan. It appears from statements made in the past that every effort will be made by the different government agencies to provide means to the farmer for erecting temporary storage facilities. The BAE goes on to say that unless an increased domestic use is found for wheat or larger exports, on July 1, 1943, this country may face a larger total carryover than this year, but, nevertheless, they feel that with an advance in the loan rate of 16¢ above last year's level, enough wheat will be held off the market to cause an advance from the present level. Naturally, much will depend on conditions between now and harvest, as adverse weather could make some wheat ineligible for the loan.

So far, reports from the major portion of the winter wheat belt West of the Mississippi continue very optimistic, although some sections of the western third of Kansas are now reporting that additional moisture would be very useful. From advice which we have received from a friend of ours who operates elevators throughout Oklahoma, it appears that they will start cutting wheat at some of their stations, and rather expect a fair movement about the first or middle of next week. We are also told by one source that he feels wheat around the Salina territory will start to be harvested by binders around the middle of the month. From the spring wheat territory, according to the report of Van Dusen-Harrington Co., weather generally for the past two weeks over the Northwest has been wet and cold but seeding of small grains is practically completed, except in isolated districts, notably in the Northern Red River Valley where continuous wet, cold weather has resulted in the failure to complete seeding the expected acreage.

In the Argentine more rain is needed, particularly in the Southern areas where rainfall since the turn of the year has been below normal. Sanford Evans reports that the Prairie Provinces of Canada experienced moderate to heavy precipitation during the past week, and that considerable benefit will result therefrom. He reports that moisture conditions are good in most parts of Manitoba, eastern Saskatchewan, and some sections of western Alberta and the Peace River country, while elsewhere more rainfall will be needed shortly. In summarizing European conditions, he comments that the harvest work is uncertain in Rumania, and it now appears rather doubtful if their wheat outturn will be sufficient for home needs. The entire Danube Basin, instead of having wheat for export, supplies will be closely adjusted to needs, and Broomhall mentions that the wheat deficiency in Central Europe for the current season , which will end July 31, will be about 320 million bu, based on pre-war consumption. While very little is heard from Australia, Broomhall estimates that on May , 1942, that country's wheat surplus was 105 million bu compared with 5 million bu the same date last year, and 140 million two years ago.

Primary receipts were 565,000 bu compared with 732,000 bu last week, and 1,196,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net decrease of 283,000 bu.

A better sentiment existed throughout the session, which was partially helped by a better milling demand, although markets are still dominated by the action of local traders. At the close both July and eptember wheat were 1 5/8¢ per bu higher.

During the past month, the open interest in July corn has delined about 8 million bu; while still rather large, this decrease has elped to correct the technical position of that cereal. Fundamentals emain the same, with heavy feeding and good industrial demand. Wet eather has delayed seeding in some sections, particularly in the orthwest.

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CHICAGO MERCANTILE EX.

June 5, 1942.

Mr. O. T.Williams, President of the Liverpool Corn Trade
ssociation, at the annual meeting of that body stated that in his
pinion "the economic war which prevailed prior to 1939 was very largely
esponsible for the war itself, " and in his mind, "the world's salva-
ion lies primarily in the restoration of peaceful trading, such trad-
ng to be carried on by merchants and others, who depend for their liv-
ng on making a success of their business by friendly and free nego-
iations with their customers, clients, and correspondents at home and
broad." Broomhall, in commenting on Mr. Williams' address, states
hat the United States more than any other country has experimented in
rain trade control, and has over a series of years, at an almost pro-
ibitive cost, tried one device after another. Broomhall does not be-
ieve that the present scheme of acreage allotment and bonus payments
an succeed, as all planning must of necessity be based on the law of
verages; that is, average yield, average weather, and average general
onditions. Those who have followed agriculture for many years know
hat it is almost an impossibility to have all conditions average during
ny one growing season, with temperatures, rainfall, snows, insect
isease, etc. to deal with.

Undoubtedly, conferences are already being held between England
nd the United States, probably including Russia, on economic conditions
n the post-war period, and the permanency of the peace to come will
epend largely upon the policies to be adopted, and the avoidance of
ne errors made after World War 1. As far as agriculture is concerned,
heat in particular, the markets of the world should be open to all
ountries, artificial hindrances to trade should be removed, and com-
etitive prices should be the basis of business in grain and the spur
productive efficiency. The policies of the last several decades of
aranteeing a remunerative price for wheat on the home market and
bsidizing exports only tended to aggravate the world problem of over-
roduction, and intensified the economic war. The uses of grain in
dustry should be increased and a field of larger consumption found.

Forty-eight weeks of the present crop year has passed, with
ly four weeks more to go. Exports of wheat and flour from the United
ates during that period have totaled only 18,875,000 bu, while Canada
rom August 1st to May 8th exported 170 million, or approximately 19 mil-
on bu more than they did in the same period of the previous year.
is leaves that country with about 469 million bu wheat for export and
rryover, a reduction of 95 million bu from the figures of last year.

Reports are being received of damage to wheat in certain areas
southwest Kansas, where for the past week temperatures have risen
above normal. During that period rainfall has been rather sparse
d undoubtedly additional moisture would be welcome.

Primary receipts were 587,000 bu compared with 767,000 bu last
ek, and 887,000 bu similar period last year. Kansas City and Minnea-
lis stocks so far this week show a net decrease of 343,000 bu, which
ggests a small decrease in the visible supply against an increase a
ar ago of 462,000 bu.

There was again evidence of mill buying during the early part
the session, and undoubtedly some flour sales have been made the
st few days. One of the southwestern publications states that there
s been purchases by large chain bakers, although the Northwestern
ller reported yesterday that flour sales were more or less routine.
wever, outside of the flour sales, the market was mostly a local af-
ir, with traders pressing the selling side. There is still no large
tside participation in the wheat market, and apparently prices as yet
e not attracting investors. Yesterday, the open interest in wheat
clined slightly over 400,000 bu. Toward the close there was short
vering, and wheat regained practically its entire loss, with July only
18¢ per bu lower, and September unchanged.

The open interest in July corn again decreased yesterday by
41,000 bu, bringing the total in that future to 31,171,000 bu. There
as again selling by commission houses. Bookings from the country on
he decline have practically dried up, while sales out of Chicago were
80,000 bu. At the present level, it now places corn considerably
nder the offering price of the Commodity Credit Corporation.

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CHICAGO

June 8, 1942.

Taking the moisture situation of the country as a whole, the present season is probably as favorable as anything which we have experienced in many years. We have just received figures showing the precipitation for the various stations in the Northwest, and the average for the past week was as follows:

	Average Precipitation
Minnesota	1.80 inches
Montana	0.965 "
North Dakota	0.82 "
South Dakota	1.49 "
Northern Iowa	2,105 "

There has also been considerable rain reported over the Southwestern areas, as well as the Central States, over the week-end, and having had a period of drought years, we naturally must be appreciative of conditions as they are at the present time. The Prairie Provinces of Canada also have experienced one of the best late May downpours in recent years. The distribution was general, and on the whole of moderate to heavy density. It was especially timely in western Manitoba, Central and Western Saskatchewan, and Eastern Alberta. At the same time, there are deficiency sections, and, therefore, the crop is far from made, and further rains will be needed.

Trade had very little to guide it when our market opened this morning. Early quotations, however, were firm and many are beginning to feel that the artificial influences will come in for more attention as time goes on. Possibly due to the recent decline in cotton, the Farm Bloc has again become active, particularly some of the Southern Senators. Just today, Senator Bankhead was said to be introducing a bill which would provide mandatory loans at full parity prices on the basic agricultural commodities for the 1942 crop. While it is not likely that he will succeed with such a program, it might force a compromise on another measure now pending, which would have permitted considerable quantities of wheat to be sold for feeding purposes at sub-parity prices. Those who follow political developments think there is some chance that sales will be restrained at under-parity levels, and the result of this was a firmer wheat market, although trade was again of only moderate proportions. The uncertainties have been so great, and the average trader has had to do so much guessing, that we now find the open interest in wheat back to about the 33 1/2 million-bushel mark, which is not far above the season's low record.

Annual disappearance of United States wheat during the years 1931-40 averaged 688 million bu, and it is quite possible that consumption for all purposes will be above this average for the crop year beginning July 1942. The Bureau of Agricultural Economics points this out, but shows that even a 700 million-bushel disappearance from a total supply of 1,440 million bu would leave 740 million bu for export and carryover one year hence. Thus, they do not figure on any excessive utilization, even assuming that larger quantities of wheat are to be fed or will be used for the manufacture of commercial alcohol, etc. In any event, world supplies in 1942-43 will probably also be of record size. Wheat stocks in the four major exporting countries, including the United States, Canada, Argentina, and Australia, on July 1st of this year are expected to be about 1,450 million bu compared with 1,185 million bu last year, and the ten-year average of only 598 million bu. A small reduction in our crop may be partly offset by an increase in Canada.

Primaries were 843,000 bu versus 1,548,000 bu last week, and 1,361,000 bu last year. When the visible supply was posted it showed a decrease of 760,000 bu, leaving 185 1/2 million bu of wheat in all positions against nearly 120 million bu a year ago. At Chicago, there was a decrease of 154,000 bu, still leaving more than 10 million bu at this market.

Despite our naval victory over the Japs, and a better stock market, prices after mid-session weakened, and wheat was influenced by the sharp break in rye and in beans. From the best levels of the season rye has broken more than 32¢ per bu, and went into new low ground today. At the last, wheat prices were 7/8¢ per bu lower.

Corn was fairly firm at one time, but also reacted when other commodities weakened.

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CHICAGO June 9, 1942.

Ordinarily at this time of the year weather and crop reports would be the paramount issue. Much attention would be paid to filling weather in the Southwest, and there would be many guesses as to what the final yields might be. At the present time everything is entirely different. Nobody seems to care much whether the government report tomorrow will increase production 25 million bu, or whether there might be some deterioration. This is entirely due to the fact that we have such an artificial situation that statistics do not play the usual part.

The Bureau of Agricultural Economics in its last report practically confirms this statement by saying, "The quantity of wheat not under government loans and not held off the market by private interests is more important as a price factor than the total wheat stocks." They go on to say that in past years when the loan program was in effect, market prices declined considerably below loan levels early in the marketing season but later on they gradually rose, so that prices in most markets were finally above loan values. This may be the pattern for the coming season, although there are those who argue that the situation is somewhat different owing to the fact that the amount of grain carried over is so much bigger than ever before, and our reserve stock of wheat is almost three times the normal. Also, the loan price is so much higher that if a farmer is unable to make the proper storage arrangements, he may be content to sell his wheat on the farm for about $1 a bu and not feel that he has been damaged. As an offset to this argument, the government is apparently doing everything to protect producers, and the CCC has apparently made some progress in trying to provide additional farm storage for wheat, with the result that many corn bins from Iowa have been moved into the wheat districts. It was also announced that hundreds of contracts were awarded for the construction of pre-cut or pre-fabricated wooden bins capable of storing 60 million bu of wheat. Moreover, negotiations are continuing for 40 million bu more capacity of these wooden bins, and if anything of this kind can be accomplished, it is almost a foregone conclusion that the after-harvest movement will be smaller than otherwise. Consequently, we expect a tremendous amount of wheat impounded again, so that artificial markets are to be expected.

When our market opened this morning, the carryover feeling was somewhat bearish, principally due to the sharp declines which had taken place yesterday in rye and in soybeans, but a somewhat better milling demand was apparent and the buying of hedges in the pit steadied prices, although the entire volume of trade was not particularly large, and there has not yet been complete restoration of confidence.

Primary receipts were quite large at 945,000 bu compared with 663,000 bu last week, and 813,000 bu last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 46,000 bu. The wheat harvest is moving a little farther North, and our reports today told of a car of new wheat being received in Enid from Kingfisher, Okla. Most of the new wheat so far has graded No. 1, and has tested well, but this was almost to have been expected with the favorable moisture conditions which have prevailed. We are also told that the past week was satisfactory for the growing crops in the Northwest; Montana received from 1 to 3 inches of rain, while North Dakota was favored with light showers up to one inch of moisture. About the only complaints are scattered, and these deal with cut worm damage and too much cool and cloudy weather, but a little sunshine followed by warm weather, which generally is had in June, might finally give us very good results.

There was very little feature to the market, and we believe, if anything, the volume was somewhat smaller than yesterday when only about 7 1/2 million bu of wheat were traded in the pit. Final prices showed an advance of 1/2¢ per bu.

Corn was fairly firm, but there is not the enthusiasm which we had here some time back. While feeding operations will undoubtedly continue, the wonderful moisture throughout the country almost assures us that feeds of all kinds should be plentiful unless adverse weather would set in at a future date.

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CHICAGO MERCANTILE EX.

June 10, 1942

The crop news is about as uniformly good as we have known it to be in several years. Whenever a certain section complains of insufficient moisture, it seems as though the rains follow almost immediately, and as a result there have hardly been any crop scares whatsoever. Each week, as the government published its weather and crop report, the tenor of these messages was more or less optimistic. For the past week they claim that winter wheat developed rapidly and maintained a generally favorable outlook. At the present time, it is ripening as far North as Maryland and has headed out in most of the Ohio Valley. A few places in Oklahoma complained that there was too much rain in scattered localities, but the crop is maturing rapidly and a considerable portion has already been cut. On the whole, of course, rains were most beneficial. We shall know more about this situation when the government releases its crop report later in the day and will give the estimated yields for all States.

The trade is not paying much attention to these developments, and as we have stated in our previous letters, the main consideration will finally be, not the total stock of wheat on hand, but the amount of free wheat that is permitted to circulate in trade channels. Of course, there is always the danger that these artificial stimuli may reach a point where even a government, with its vast resources, may lose control, but for the time being at least, we have had the experience of the past three or four seasons when a high loan value dictated to a large extent the trend of prices. A grain man from Hutchinson, who wrote us a few days ago, said that in central Kansas, where farmers did not have sufficient storage space, they were attempting to provide themselves with bins as fast as they could be built. He also believed that in the western sections producers would store wheat on the ground before selling it at present market prices. At a place called Little River, Kansas, one elevator operator had built a wooden warehouse for the storage of 200,000 bu. He also had gotten the approval of the CCC to use an empty stone building at that point for storage. In addition to this, he was building a storage bin on the side of a hill, 30 feet deep, 60 feet wide, and 200 feet long, and most of the wheat that will be stored in this pit will probably be below ground level. We have mentioned this in detail because with wheat considerably under parity levels, it seems very likely that great efforts will be made to get the full benefit of the government program.

Our market today was influenced by news from Washington. It eems that the House has rejected that portion of the Appropriations bill whereby surplus grains could have been sold under certain conditions at prices below parity. The standing vote of 125 to 57 was rather decisive, and this again shows the great strength of the Farm Bloc. The trade construed this in a bullish vein on the theory that if Government wheat is not sold even for feeding purposes, it might finally bring bout a somewhat tighter situation, at least temporarily. In other words had a certain quantity of federal wheat been sold in competition with orn for feeding purposes, it might have released a similar quantity of illing wheat, which farmers otherwise would have fed from their own tock. This seems to be the main reason for the House rejecting the lan, although in reality the piling up of surpluses simply delays the day of reckoning.

Primary receipts were somewhat smaller at 550,000 bu compared ith 627,000 bu last week, and 1,007,000 bu last year. Kansas City and inneapolis stocks so far this week show a total decrease of 136,000 bu.

Markets were rather firm from start to finish, although best rices of the day were not maintained. Nevertheless, the immediate trend depends somewhat upon the pressure which will be exerted upon the market, and many feel that with heavy impoundings hedges will not be a very depressing factor. At the last both July and September wheat were about 5/8¢ a bu higher.

Corn, as well as other grains, was up in sympathy with the leading cereal. Naturally if the government is not permitted to sell its wheat holdings for feeding purposes, it should have a somewhat strengthening influence upon corn. On the advance today bookings were larger.

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CHICAGO MERCANTILE EX.

June 11, 1942.

Despite acreage reduction in both winter and spring wheat areas, the prospects are now for a combined production of 868 million bu of wheat, according to the government report issued late yesterday. On basis of our probable consumption of 700 million bu during the coming season, and with not much chance of exporting large quantities unless the war ends, it is almost a foregone conclusion that we shall have a larger reserve a year from now, but yet, the trade was fully prepared for such a situation, and after hesitancy for a few moments, the wheat market proceeded to advance.

Farmers have made many inquiries about the 1942 storage, and thus far it is a fact that terminal space is already pretty well filled even before the next harvest. There have been some rumors that loans would be made on wheat that was piled on the ground if no storage facilities were available, but this is not confirmed from Washington sources. As a matter of fact, the CCC does not indicate any desire to make loans on grain until it is in suitable and approved storage, but whether Congress might be forced to act in this matter in case of an emergency remains to be seen. Meanwhile, the CCC is moving about 38 million bu of steel bins into the wheat area from the corn area, and of this quantity probably 15 million bu will find a resting place in Kansas and North Dakota. As we understand it, the placement of these bins in the field will be entirely up to State and County AAA Committees.

In studying the individual State reports, those in the Southwest have shown deterioration during the past month, and this was due largely to hot, dry weather that prevailed during May, but we would rather imagine that there has been some improvement during the last ten days owing to lower temperatures and precipitation, but in any case, large crops are still in prospect.

From a statistical point of view, there is nothing much new. During forty-nine weeks of the crop season, we have exported less than 20 million bu of wheat and flour, and thus, there is still available for export and carryover nearly 642 million bu of wheat. So, together with the prospective crop, we may have nearly 1 1/2 billion bu to contend with, which is by far the largest quantity that was ever on hand at the beginning of the season. Canada during a somewhat shorter period has cleared 170 million bu of wheat and flour, and after allowing for greater home consumption due to shortage of feeds, there is still about 470 million bu of wheat on hand, which in itself is an enormous quantity of grain, although a reduction of 95 million bu from what was on hand a year ago. The condition report released a short time ago by the Dominion Bureau showed better than normal condition for wheat in the Prairie Provinces, particularly so in Manitoba and Alberta. On the other hand, the acreage will probably not exceed 20 1/2 million acres, whereas in recent years it ran as high as 28 million acres. Even on that basis all of Canada could easily raise 350 million bu provided there was normal weather from now on.

Primary receipts today were 598,000 bu compared with 565,000 bu last week, and 1,177,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 202,000 bu.

Strength in the market developed when the Senate Committee in a move to bolster prices of major farm crops, recommended the passage of a bill requiring government loans at the full parity price level. Most people believe that this step is taken largely in bringing about a compromise measure, and at the moment there is a great debate on the disposition of the 125 million bu of surplus wheat which the President wants sold at less than parity prices. His insistence is on the grounds that it encourages the type of production needed to win the war, and that it would help keep down the cost of living. Possibly, the final compromise will be in the sale of this wheat at prices not below corn parity, but, of course, nobody can be sure. Final wheat prices registered gains of 1/2¢ per bu, with some profit-taking in vidence.

Corn was barely steady. The corn/hog ratio at Chicago is still 6.7 compared with 12.6 last year. The trade finds it difficult to auge events in their proper relationship.

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CHICAGO MERCANTILE EX.

June 12, 1942.

While Great Britain and the Soviet Union were signing a twenty-year treaty calling for mutual aid, no separate peace, and post-war collaboration, this country was also entering into a somewhat similar pact with Russia, including post-war economic cooperation. With the balance of militа ry power passing to the allies not only in the air, but also the growing strength of Britain and the United States on land, together with the vast reserves of Russia, more attention is gradually being focused upon a second front during 1942. The goal, of course, is victory, which means austerity and endurance, but victory is more than the end of fighting, and there is also another condition of victory to decide for the world after peace is finally restored. Toward this end there is greater thought regarding the terms of settlement, which will expand production, employment, and the exchange and consumption of goods.

While we have undoubtedly sent tremendous quantities of foods to Britain and Russia, the exports of wheat and flour have been inconsequential, and so long as Canada has such big surpluses, there is not much chance that our trade in this direction will enlarge a great deal although after the war is over, everything will be different. Germany is having great problems in agriculture, and this, of course, refers to the dominated countries also. There is some deficiency of agricultural machinery, and furthermore, lubricants of all kinds are scarce. Workers have been mobilized to work on farms from practically every walk of life; even boys and girls at the age of fourteen years are subject to compulsory farm labor. All persons in rural districts are required to put in long hours, and farmers in the army have been given furloughs in order to help in the problem of production, but with adverse weather and a shortage of horses, it has been uphill work.

When our market opened this morning, there was very little to guide it. Most of the news yesterday came from Washington, but nothing overnight seemed to clarify the situation to any material extent. Most people, however, feel that even though the administration may gain its point in providing for the sale of approximately 125 million bu of wheat for feed or for commercial alcohol, possibly prices may be elevated to about that of corn parity, so that it is not very likely that any large quantities will be disposed of recklessly. On the strength of this supposition, some corn is gradually being liquidated, and this has been the case now for several sessions, as there is not nearly the assurance which existed a few weeks earlier. At the same time feeding operations have been large, and the Department of Agriculture expects that between 95 and 100 million head of hogs will be slaughtered for food this year, while the largest number ever previously slaughtered was 86 million. Secretary Wickard has figured that there will be about 10 million more pigs this year than last, bringing the total raised for use on farms, as well as for commercial purposes, to around 97 million. It is hoped that, despite the heavy exports of hog products, no rationing in this country will become necessary.

Primary receipts were larger at 934,000 bu, and before long now the movement should be getting under way, although it remains to be seen how much of the wheat is free. Last week primaries were 87,000 bu versus 1,197,000 bu a year ago. Kansas City and Minneapolis stocks so far this week show a net decrease of 219,000 bu. When the visible supply is posted on Monday, it will compare with a decrease last year of 409,000 bu.

Trade was more moderate than yesterday, and until political roblems in Washington are clarified, we do not believe it will be easy o enlist new buyers or sellers in any great volume. The shrinkage in he open interest yesterday of 400,000 bu brings the total to 33 1/4 illion bu, or near the low for all time. Final prices were 1/4¢ per u down.

July corn is being liquidated right along, and while some raders are undoubtedly going to the deferred months, others have lost aith, and thus, it may require adverse crop news to stimulate new uying.

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CHICAGO MERCANTILE EX.

June 15, 1942.

There is undoubtedly a large amount of storage space being constructed throughout various parts of the country. It is impossible to tell just to what extent farmers are helping themselves in this respect, but with the CCC having ordered sufficient wooden bins to take care of about 100 million bu of wheat, it is believed that about half the bins are to be delivered during June and the remainder during July. In the meantime, winter wheat has developed rapidly during the past week and is headed out in most of the Ohio Valley. Farther West, it is being harvested, and the first returns seem to be quite satisfactory. There were additional rains over the week-end, and this may cause some delay and possibly a lowering of protein, but still nothing very serious. In the Northwest weather has continued cool, and is rated as ideal for wheat.

There was very little to guide our markets when they opened this morning, and as a result trading wax again of small proportions. It is still too early to receive many hedges, and even if the harvest were advanced, we doubt whether pressure would assume normal proportions, as a tremendous quantity undoubtedly will again be impounded. This being the case, there seems to be a fairly friendly attitude, and at least on any weakness moderate buying develops.

The same is true now of rye, after a break of about 30¢ a bu from top levels. There are some in the trade who feel that our contracts should be changed and that this would mean an expansion in business. Our own experience with markets has always been that any contract must be just and equitable. Furthermore, a delivery grade must suit both buyers and sellers if it is to endure. It would, indeed, be harmful to the producers of this country if we only made it possible to deliver a small part of the rye which was grown without some sort of special treatment, such as running the grain over a sieve to make it grade "plump" instead of "regular". In an effort to satisfy ourselves as to what portion of the receipts graded "plump," which is the new desired delivery, we have written to the U, S. Department of Agriculture, and they replied that for the first ten months of the present crop season, the situation was as follows:

Markets	Total Carload receipts	Total cars graded "Plump"
Chicago	3,131	418
Duluth	937	81
Grand Forks	1,971	326
Minneapolis	9,883	646

Outside of the four points referred to, we were informed that all other markets had received 7,949 cars of rye, of which 2,188 graded "plump," but in the latter there were points, such as Peoria, Indianapolis, Toledo, and Louisville, which are undoubtedly distillation points and where the rye had probably been prepared, so that the percentage was higher. In any event, the total carload receipts for all points were 23,871 cars. of which only 3,659 graded "plump," or about 15%, including a portion of elevator rye, which had undoubtedly been processed. Should we finally have to abandon regular number one and two rye from our deliveries, we feel that it would greatly lessen the usefulness of our market here for the reasons just cited.

Primary receipts were 897,000 bu compared with 843,000 bu last week, and 2,526,000 bu last year. When the visible supply was posted it showed a decrease of 1,301,000 bu. This still leaves 184 million bu in all positions, or about 65 million bu more than in 1941. At Chicago there was a decrease of 191,000 bu, leaving total stocks at almost 10 million bu.

Trade was extremely light, and we note that on Saturday there was only about 3 1/2 million bu of wheat traded in the pit, showing complete indifference. Nobody can guess all the artificial operations which are taking place, and there are still many questions that must be settled from Washington. At the last, prices were about 1/8¢ per bu. lower.

Cool, wet weather has caused some delay in cultivation of corn, and some replanting has been accomplished as a result of excessive rains, but on the whole it is felt that the percentage of crop planted with Hybrid seed is so large that the final harvest might yet be very good. **Holdings of corn by the** CCC as of June 6th, are approximately 1,600,000 bu.

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CHICAGO MERCANTILE EX.

June 16, 1942.

Generally speaking, crop news is very good. Prospects over the Northwest are bright, and frequent rains during the month of June have added to the already general supply of soil moisture. In Canada, there was a change over to warmer weather during the past week. Precipitation in the Prairie Provinces was not general, but on the whole, it was a period of stimulation, and according to Sanford Evans, growing crops made good progress; the general appearance is healthy and the root systems have developed well. There may be a few complaints of excessive moisture in our Southwest where the wheat is now ready to harvest, but after all, the rains did one good thing in that they prevented further deterioration in some sections. Thus, we have had a season when very few complaints were heard.

As a matter of fact, most of the conversation has centered around storage and the necessity for having improvised warehousing for the crop when it moved, particularly since there is practically no export business, and in this respect it is quite a different situation from the normal. We had one message from Fort Worth claiming that there were 50 cars of new wheat in that city yesterday but only one of them sold on the market. There were 21 cars of new wheat in Enid today, and it is quite probable that a good percentage of the grain there will go into storage. Thus far, the protein content has been running somewhat lower than during the past few years, and it looks as though the average would be on the low side, at least judging from the early run of receipts.

Our market opened rather steady, and Washington reported that the White House was studying the Farm Bill considering the possibility of a compromise, which would permit farmers to obtain 100% of parity loans on the basic crops in return for which a stipulation would be entered into permitting the government to sell surplus wheat at under parity levels. Nobody can tell for sure what form this legislation will finally assume, and there may be any number of nervous markets as the various discussions take place. But in our opinion, the important item is still the amount of free wheat which will be available, and it appears as though this might be comparatively small so long as wheat is selling far below the loan price. All contract markets naturally suffer, with only a small number of hedges being placed, and this is not only true for the moment, but also for later on, because in an ordinary year, the shifting from one delivery month to the next on part of the hedger as an offset to speculators who transfer their positions, compromises a large part of our business. Furthermore, with hardly any export trade, it is also a handicap, but apparently there is very little that can be done to expand the volume under these conditions. The whole open interest has remained around the 33 1/2 million bu mark for sometime, and total volume of transactions yesterday was less than 4 million bu, which is an extremely small quantity for middle of June.

Primary receipts were rather small for the time of the year, at 774,000 bu compared with 945,000 bu last week, and 1,524,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 78,000 bu.

The market was firm from start to finish. As stated earlier, the proposal for full parity loans was a factor, also the strength in soybeans created a more friendly feeling, with the result that final prices showed an advance of 1 3/8¢ per bu.

Corn was up fractionally, but did not respond a great deal considering the higher price in wheat and in rye. Speculation right now has dwindled to small proportions; yesterday only 2 million bu of the yellow cereal was traded in all three futures. The July interest is being reduced, but is still in excess of 24 million bu.

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CHICAGO MERCANTILE EX.

CHICAGO June 17, 1942

Secretary Wickard announced today a 55 million-acre wheat allotment for the 1943 crop, and this is the minimum permitted under the law but is the same acreage which the Department of Agriculture allotted producers for the current crop. However, he asked wheat producers whose lands and equipment were suitable for growing other crops, which were needed more urgently in the war effort, to divert their land in those directions rather than to plant wheat this fall. Probably much will depend upon the price that is obtainable later on, and after all, farmers have already cut tremendously from peak production, as at one time plantings took place on about 80 million acres. Therefore, in many wheat territories farmers feel that they have already made considerable sacrifice in reducing the land that was ordinarily sown to wheat. The Secretary pointed out that this country will go into the next crop with approximately two years' supply of wheat on hand, and this we presume is all on the assumption that the war will continue and that exports will be held down to minimum levels. He undoubtedly figures that good, average crops are a certainty, but in this connection we think that one must always point out that there is also a danger of cutting acreages too drastically, in the event that crop failures take place. Experience has shown that while it is comparatively easy to regulate acreages, it is no simple matter to control yields.

Harvesting operations are continuing in the Southwest wherever it is dry enough, and everything we hear about yields is optimistic. Generally speaking, it is turning out better than had been expected. At Fort Worth, there were 44 cars of new wheat inspected yesterday, and most of the arrivals graded No. 1. However, no sales were reported, and since harvesting operations have begun about 240 cars of new wheat arrived in that city, but we heard of only 3 cars which were sold. This is a rather clear indication of the farmer's psychology, and undoubtedly while the price remains considerably under the loan, impoundings may be on a larger scale than ever before. As far North as Enid 53 cars of new wheat were received today and it will not be long before storage will be pretty well filled. Of course, the government itself has made big strides in trying to solve the storage situation, and the CCC has made allocations on nearly 42,000 wooden units to be placed in various parts of the country. There are still about 8,000 bins which were ordered that must be delivered by middle of July, and these may house a good deal of the defaulted loan wheat now on farms, which in turn will free the facilities for storage of a like amount of wheat now being harvested. We believe it is this situation which has imparted a certain amount of firmness to the market, and in the end will lessen the amount of pressure, which is ordinarily exerted at the time the crop moves.

Crop news from the Northwest continues favorable, and last week showery periods brought a considerable amount of moisture to Montana, ranging from 1/2 inch up to 1 1/2 inches over the greater part of the State. Showers were lighter in North Dakota and covered less territory but almost every spot had some relief. There was also more sunshine than previously, and during most of the week temperatures were satisfactory, running up to 75 degrees during the daytime. It should be stated, however, that in spite of the propitious outlook, spring crops will require a lot of moisture during the next month, as the stand is extremely heavy.

Despite the movement of new wheat, primary receipts were small at 567,000 bu compared with 550,000 bu last week, and 1,590,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 105,000 bu.

Markets were tame, but very firm, and some traders are pointing to the fact that a year ago at this time a bull movement started, and continued fairly well even during the period of crop movement. Speculation on the whole is small, and the milling demand continues poor. This, together with political uncertainties, makes it difficult to make immediate forecasts.

Corn, as well as other cereals, received better support. Many believe that July liquidation is being well taken.

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CHICAGO MERCANTILE EX.

CHICAGO June 18, 1942.

Secretary Wickard over a nation-wide radio hookup pointed out to farmers of the country that there was no warrant for farm profiteering. He had in mind the President's anti-inflation program, and in this connection, mentioned the fact that the government was supplying wheat and corn from government-owned stocks at market prices in order to increase the production of dairy products and poultry. He criticised the move which would prevent this practice of selling grain reserves at below parity prices, but stated that the producers were actually getting their full parity return if they considered the additional monies paid them out of the Treasury.

When the loan program was first instituted, it was designed to aid in the orderly marketing of grains at harvest time when unusually favorable growing conditions resulted in surpluses. There can be no doubt but that the farmer has been benefited judging by the increased numbers who have signed up each year; and little wonder that this is the case if we review the situation since 1938. On basis of the Chicago loan price, the farmer in 1938 was offered 77¢; in 1939, 80¢; in 1940, 81¢; in 1941, $1.15; and in 1942, $1.32. In other markets and on farms the increases were in about the same ratio. Stanford niversity in its wheat studies, emphasises the fact that the so-called "production control measures" have been in force for years, but that they have facilitated instead of prevented embarrassing accumulations of wheat stocks. They also point out that this has contributed much to the farmer's present prosperity, but has complicated defense war efforts and raised difficult problems for later solution.

Statistically there is not much to report. In two weeks we shall ave completed another crop season. Exports of wheat and flour thus ar are 19 1/2 million bu, and it looks as though the carryover would e pretty close to 640 million bu, which would be the largest ever ttained. In the meantime, new wheat receipts in the Southwest are nlarging to some extent, with 93 cars reported at Enid, although ains in the Southwest have interfered a little with operations, and ccording to the forecast more precipitation is still to come. Unless this is prolonged, however, we doubt whether it will have much nfluence upon the yield, and the trade apparently feels the same way bout it. Today's market, however, was influenced by Secretary ickard's talk, and a few selling orders came into the market, but rade on the whole was not particularly heavy.

Crop news from Europe is fragmentary, but in Germany and the ccupied countries it is definitely known that there is not the labor or the seed to make large or even average crops possible. Neverthe-ess, this has no bearing upon the surplus countries, as even rgentina is unable to do any business. As a result wheat stocks in e four major exporting countries, comprising the United States, anada, Argentina, and Australia, are expected to be about 1,450 mil-on bu, which is the largest on record, and 265 million bu above e previous high mark.

Primary receipts were 704,000 bu, which is still reasonably all. This compares with 598,000 bu last week, and 1,661,000 bu last ar.Kansas City and Minneapolis stocks so far this week show a total crease of 261,000 bu.

While the news from Washington was somewhat disappointing to number of traders, it is our opinion that the chief stimulant to e market will be the large quantity of wheat to be impounded. ere is already on the statute books a law providing a loan of 85% parity, and this is sufficiently high to tempt producers to store eir grain rather than to sell it. We doubt if anything further will needed to bring large quantities into the impounded surplus; and us, it might create a more or less tight situation as time goes on. r the moment, we have at least 200 million bu of free wheat available, t as we eat into this reserve, the other factor will undoubtedly come paramount. At the last, wheat prices showed a decline of 7/8¢ bu, with some recovery from the low point of the day.

Corn was reasonably firm, but yielded some ground in sympathy h the break in wheat. July liquidation continues, but on the other nd, a good many of the longs are changing their position to the erred months.

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CHICAGO MERCANTILE EX.

June 19, 1942.

Prime Minister Churchill's arrival in the United States brings up the speculation as to whether a second front will be attempted during 1942. While the war news is not too optimistic in Libya, and while the security of Sevastopol is in some danger, there are many factors favorable to the allies which are scarcely ever mentioned. We have reference now to the German agricultural situation, which has been deteriorating ever since Walter Darre, the German Minister of Agriculture, was sent on a long leave of absence, presumably due to ill health. After a third unusually cold war winter, the prospects for the German harvest in 1942 are very poor. Furthermore, shortage of labor is becoming an important factor, the supply of fertilizer is low, and the lack of feeds is making it impossible to maintain the present number of livestock. This is particularly serious where pigs are concerned, since they are the most important source of meat, and provide, roughly, one-third of the country's fats. During recent years, Germany benefited from heavy imports from the Low Countries and from elsewhere, but substantial quantities are not obtainable now either from the Balkan countries or from Denmark and Holland. In short, a dwindling home production, which was brought about by poor harvests in 1940 and in 1941, is not sufficient to comfortably feed Germany's armies, as well as the population at home.

While some are dubious as to these factors owing to the apparent German ability to hold out thus far, there is striking confirmation of this situation by the International Institute of Agriculture at Rome. This organization is operating from the heart of an enemy country, and it is not likely that they would exaggerate the Axis shortcomings. Nevertheless, we quote the following from their pen: "On the whole, European wheat production in 1941 (not including the USSR) although considerably higher than in 1940, which was one of the worst registered in the last fifteen years, can only be classified as rather mediocre. It was 5% below the ten years 1929-38." To put it conservatively, Broomhall states that Italy and Germany before the war raised their own food production for home consumption only by the liberal use of fertilizers, and as these are becoming progressingly scarce, so must their agriculture deteriorate.

When our market opened this morning, it was influenced by further rains in the Southwest, which were not particularly desirable, and it is now possible that we shall have a larger amount of off-grade wheat than if the weather had remained propitious. To some extent, this is holding up the movement, although it is not serious since almost all of the elevators in the Southwest are reasonably filled with old stocks. The protein content also seems to be running lower. Yesterday, Fort Worth had 79 cars of new wheat, but only 4 cars were reported sold, and at Enid, our people tell us that it is almost impossible to buy any free wheat, as the bulk of it is going into stor-ge. They had a heavy rain in that territory, and it is still cloudy nd threatening; therefore, a delay of several days may be encountered, ut up to the present time we hear very few expressions of actual hrinkage in the field. Nevertheless, with such heavy impoundings, here is practically no pressure upon the market.

Primary receipts were a little better at 804,000 bu compared ith 934,000 bu last week, but a year ago at this time they were lightly over 2 million bu. Kansas City and Minneapolis stocks so ar this week show a total decrease of 255,000 bu. We expect a moder-te shrinkage in the visible supply on Monday; last year it increased 78,000 bu.

Prices held rather firmly during the fore part of the session, ut later on hedging sales developed; they were not heavy, and in ur opinion, this pressure will not be important with the large quan-ity of wheat being impounded, but on the other hand, there is not the bsorption either. With the market poorly supported last quotations howed losses of 1 3/8¢ per bu.

Corn held relatively well, but was influenced by the weakness n wheat. Bookings from the country were heavier, and there was close o 300,000 bu sold to come to Chicago. There are some complaints of ot being able to cultivate properly, and that the weeds are growing s fast as the corn, but it is still fairly early in the season.

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CHICAGO MERCANTILE EX.

CHICAGO June 22, 1942.

War news over the week-end was anything but pleasant, and probably the greatest shock was the fall of Tobruk, which yielded to Axis assault after only one or two days of fighting. This news had a somewhat bearish effect upon the securities markets of Britain and the United States, and grains sympathised, but were also influenced to some extent by the administration's determination to sell a certain amount of wheat and corn at below parity levels. There has probably never been a period when the President himself appeared more determined in his opposition to an agricultural measure pending in Congress than he does at t his time. It is almost a foregone conclusion that Secretary Wickard's policy of cheap feed toward carrying out the war program will not be scuttled, It is just as probable that the 100% loans will not be enacted into law, since it is quite obvious that parity and conservation payments are accomplishing everything for the farmer that had been desired by way of securing full parity for him. The Farm Bloc has not yet yielded on this issue, and party politics are still playing a part since this is an election year, but various advices from Washington indicate that with some face-saving device certain legislators will finally have to compromise.

When our market opened this morning, first prices were rather steady. This may have been due to the fact that heavy rains were again received in parts of the Southwest and over the Central States. Wichita, Kansas, reported that two to three inches of rain had fallen over the week-end, and there was as much as one inch at Enid, although the Texas Panhandle apparently enjoyed clear weather. This moisture is more apt to affect quality than quantity, particularly if clearing conditions would now set in. In the meantime, receipts at many points have been increasing. While there were 120 cars of new wheat received in Fort Worth on Saturday, today's receipts amounted to 329 cars, which is presumably mostly new wheat, and offerings from the country appear to be considerably larger. The cash price has weakened during the past few days, and it will not be long now before present storage is pretty well filled. The same is true in other sections of the country. Our office at Enid told us that there was very little free wheat being offered for sale and farmers were holding back as much as possible in temporary storage, but yet other shippers were doing everything in their power to obtain terminal storage, and nobody can be sure what disposition will be made of the wheat if later on congestion takes place. It is for this reason that our market is somewhat hesitant, despite the fact that much new storage has been created through various efforts. A lot of grain will undoubtedly be stacked in barns or sheds, and every kind of shelter is sought, while some are even considering putting the wheat on the ground until they can get a better resting place for it.

The CCC announed that it still holds approximately 311 million bu of wheat, of which about two-thirds came from the 1941 crop. This is approximately 50% more than the normal carryover for this country, but the important factor is still the amount of free wheat which will be available for the trade, and nobody can be certain of this until the movement is well under way and we can determine the actual quantity of impoundings.

Primary receipts enlarged somewhat to 1,288,000 bu compared with 877,000 bu last week, but as much as 4,092,000 bu last year. We believe that today will be the last decrease in the visible supply for sometime. The shrinkage was 615,000 bu, leaving total stocks in all positions 183 1/2 million bu, or about 63 3/4 million bu more than was on hand in 1941 same date. Chicago stocks decreased 106,000 bu, and there is still close to 10 million bu here.

After early weakness the market recovered some of its loss, and there was a slight improvement in the milling demand, with a few hedges taken out of the pit. Last prices were 1/4¢ per bu lower than on Saturday.

Corn was fairly firm, with more rains reported over the belt. Cultivation is being retarded by wet soil, and sunny weather is needed, as there are growing complaints of weedy fields.

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CHICAGO MERCANTILE EX.

CHICAGO

June 23, 1942.

The trouble with the wheat market is that there are no real issues, and this has been the case now for several weeks. A good many people have been trying to guess what the Farm Bloc at Washington might do, and if new legislation were enacted, how it would affect the market. These uncertainties have only brought about "choppy" trends, with the result that it was not easy to get many people to buy grain so long as statistics were distinctly bearish. With the carryover next week estimated to a pproximate 640 million bu, which is almost enough for our domestic needs for a year, and with another crop being harvested, everybody realizes that it is only the artificial influence that can keep prices at present levels. The chances are that there will be about 400 million bu of wheat impounded from the 1942 season, and this, together with the wheat already held by the CCC, naturally tends to give us very firm prices, as there is hardly any pressure anywhere. On the other hand, it will not be long before storage facilities will be taxed to the utmost, and while there has been considerable provision for taking care of a large crop by means of improvised warehousing of various sorts, it remains to be seen what farmers are apt to do if they cannot immediately obtain storage tickets. Thus, the future is not well outlined, and this is undoubtedly the reason for the small open interest, with speculators remaining on the sidelines.

The President has been in almost constant touch with Prime Minister Churchill since the latter's arrival in this country, but today was the first time that a statement was forthcoming from the heads of the two great democracies. While no specific mention was made of a second front, there can be little doubt that it was being continually discussed. According to advices from Washington, "the object in view is the earliest maximum concentration of allied war power upon the enemy and the reviewing, or where necessary, further concerting all the measures which have for some time past been on foot to develop and sustain the effort of the United Nations." Naturally, military secrets cannot be disclosed, but it is apparent that tremendous reserves are being shipped to Russia, and this is the important field of battle for the moment. Some pessimism exists because of the fall of Tobruk, just as was the case when Singapore fell, but when we think back a year, and so many pessimists had warned us that Russia could last for only six weeks, one should take heart in the great strides made by the Red Army and the recent advices of the experts that their strength is greater today than when Germany originally attacked them.

In this country, clear weather was reported in many sections, although it was still raining in parts of the Texas Panhandle and in western Kansas. This is naturally delaying the movement, although not seriously; furthermore, the stocks of old wheat are still ample for all immediate needs. Therefore, it is simply a question as to whether excessive moisture may take a toll from the yield, as well as from the quality of the grain. Thus far, we doubt whether much permanent damage has been sustained.

Primary receipts were only 821,000 bu compared with 774,000 bu last week, and 2,527,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 54,000 bu.

There was very little feature to our market. A few selling orders had a depressing influence, although we could see no evidence of any important hedging. Buying power is small, and as yet there has been no improvement of importance in the milling business. Last prices were about 1/2¢ per bu lower for all futures.

Corn held reasonably well, and the chief factor inthis pit was the changing between various delivery months. Apparently elevator concerns are content to change over hedges from July to September at about 2 3/4¢ difference.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO June 24, 1942.

Weather in the Argentine has remained cold and dry for a prolonged period, and some observers are now expecting a decline of 5 to 10% in wheat acreage this coming season as a result. In North America, we can hardly complain of drought, and even the Kansas Dust Bowl has had a complete recovery, whereas a few years ago some thought that the element had so changed that all calculations would have to undergo a revision. As it is, there may have been excessive moisture in parts of Kansas and Nebraska, but at any rate harvesting operations are being held up, and right now clearing weather would be more than welcome. There was as much as four inches of rain at Ellsworth, Kansas, although in other districts the fall was much lighter. Nevertheless, the yields in Oklahoma and in parts of Texas indicate that possibly the crop had been underestimated. Our office at Enid has advised us that hardly any reports are for less than 20 bu to the acre, and some are as high as 35 bu. Therefore, even with some damage, it still looks as though the final results would be extremely good. On the other hand, there has been scarcely any wheat sold, and the farmers seem disposed to put their grain into storage for loan purposes, but it is still a question as to what will happen after present facilities are filled.

We also have private advices from the Northwest that while it has been cool, with showers over most of the territory, the general prospects are still encouraging. The reports are particularly glowing on western North Dakota and Montana, and about the only complaint in that territory is that the crop is too good and that a period of hot weather might find it pretty tender. In the Red River Valley, there has been considerable advancement during the week. The early barley and wheat are already heading in that territory as far North as Hillsboro, North Dakota. The crop is not entirely uniform and some of the later seeded grain is hardly more than six to eight inches high.

Little attention is directed toward Canadian conditions, but yet crop lands in the Prairie Provinces received a further drenching during the past week, and moisture conditions are now favorable in practically every locality. Growth is backward owing to low temperatures which prevailed, and on the average wheat is only about eight inches in height, although some of the early sown fields are coming into the shot blade, Recent frosts may have injured oats and barley slightly, and severe local damage was experienced in the flax crop, and even in rye, but according to Sanford Evans, damage to date from all sources can be set at a low figure. Thus, the crop situation, despite rather unusual weather, is good, and again it is largely a question of receiving the proper amount of moisture. No doubt, as we approach July sunshine and higher temperatures will occur.

In the meantime, flour business continues dull, and according to the Northwestern Miller, buyers are booking only their imperative needs. Ordinarily, Southwestern mills are very active at this time of the year, butsales for the week were only 21% of capacity, compared with 27% the week earlier, and 45% a year ago. In the spring wheat area sales were spurred by one day's activity to 48% of capacity, compared with 47% the previous week, and 62% last year. This great dullness is also reflected in the indifferent markets which we are having.

Primary receipts were slightly larger at 913,000 bu compared with 567,000 bu last week, and 2,288,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 21,000 bu

Trade was again of small proportions, but there is no pressure, and the tendency of the farmer is to take advantage of the loan on basis of the present market. Last quotations showed an advance of about 1/4¢ per bu.

Corn was inactive, and moderate bookings from the country were reported; there continued to be a good number of hedges changed from July to the deferred months.

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CHICAGO June 25, 1942.

In former years, July, August, and September were the best export months for the shipment of wheat to Europe, and often the arrangements were made several weeks ahead, so that great activity took place prior to the actual movement of grain. The many artificial schemes that have been put into effect ever since the Farm Board era have gradually cut us down as an export nation, but nevertheless, the grain trade has always had a vital interest in European conditions in the hope that one day the surpluses in this country would have to be shipped abroad, so that we could get our house in order instead of piling up accumulations. As this country grew from a pioneer nation, our agriculture was always considered one of the great resources, and we built it up not on the theory of scarcity, but rather with the conviction that large crops meant prosperity for our farmers, and incidentally this meant business for the railroads, the shipping industries, and all those connected with the transportation and handling of grain. Therefore, what is happening to crops in Europe is interesting, although not immediately relevant to our market activity.

Recently, the Minister of Economic Warfare in Britain reviewed the general position of food supplies in the main Continental countries, and these we summarize below:

"In Denmark, food supplies have been well maintained. In Norway, The Netherlands, and Czechoslovakia, the diet, though well below prewar standards, is not so inadequate as to cause marked under-nourishment. In Belgium, and to a lesser degree in France, a large part of the urban population is chronically underfed, while there has been a considerable diminution of supplies in the towns of Jugoslavia. It would not be surprising if further cuts in rations were to take place in these countries before the harvest. Much worse conditions prevail in Greece, and in some parts of Poland, as well as in German occupied Russia. On the mainland of Greece, it is to be hoped that famine conditions will be averted by the proposed shipments of wheat. In Poland and occupied Russia, the quantity of foodstuffs left for the native population will depend upon the extent of German depredations." For this information we are indebted to Broomhall.

When our market opened this morning, it was influenced by further rains in parts of Kansas and Nebraska, and the forecast for thundershowers in those areas, as well as for the Central States. The milling business overnight was very quiet, but many people believe that a large government order will soon be forthcoming, yet in the final analysis this does not necessarily expand the consumption of wheat unless flour would be exported from this country under some sort of Lend-Lease arrangement or for our forces abroad. If it is simply for the Army or for the Navy to be consumed at home it might have a little influence for a time but nothing very lasting.

Receipts in the Southwest have been retarded by wet weather, although at Hutchinson, Fort Worth, and Enid, they were larger today than for the corresponding period a year ago. There is little question but that in Kansas territories where wheat is ripening and ready for harvesting, these continuous rains will reduce the yields. However, taking the State as a whole, we still feel that Kansas is apt to produce fully as much as the last government estimate, or possibly a little more. Practically all of the yields to-date have been exceptionally heavy, ranging from 20 to 40 bu to the acre. This should go a long way towards giving the entire State a very fair average yield, despite some irreparable damage which may have occurred.

Primary receipts were 995,000 bu compared with 704,000 bu last week, and 2,872,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net increase of 22,000 bu.

Trade was very calm, and there was no particular issue. Those who are long remain content to await developments, and there is still no pressure, indicating the farmer's reluctance to sell his wheat. Final prices were about 3/8¢ per bu lower.

Corn moved within a narrow range, and the chief feature was changing orders between delivery months prior to July tenders. The corn-hog ratio remained at 16.5.

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CHICAGO June 26, 1942.

More than a thousand RAF planes attacked Bremen last night with tremendous fury, and that city is reported in flames. There were also harassing attacks on various German air fields and an assault on Holland.

This had a firming influence upon the stock market, but grains were weak, and the main feature was Senate action late yesterday, which was in line with the administration's plea to permit the sale of 125 million bu of wheat at below parity prices. If the House follows suit b y permitting this quantity of grain to be released at 85% of corn parity prices for livestock feed, there can be little doubt that the President will sign the bill. Thus, some of the impounded grain will be offered at about 83¢ a bu, which may increase consumption, although probably not a great deal, as there is always some wheat fed to poultry and livestock, and it is a question as to how much additional grain will be so consumed. Possibly in the areas in which corn would have to be imported, producers will enlarge their wheat feeding, but as a general rule corn and other feedstuffs are still preferable, and for that reason we do not regard this pending legislation as a very big market factor.

With one more week to go before the present crop season comes to an end, it is timely to take inventory of our export record thus far. In fifty-one weeks, we have cleared less than 20 million bu of wheat and flour, still leaving available for export and next carryover 641 million bu. So, together with the large crop now being harvested, the figures themselves are very bearish. However, the loan program continues to be the big offset. Overnight weather was better and harvesting operations are being resumed in many parts of Texas and Oklahoma. Some of the wheat now moving shows a lower test weight, possibly running 57 to 58#, which indicates that moisture has lowered the quality somewhat. It is a question as to whether the farmer will be able to store as much wheat at home as if there had been a dry harvest, and at the moment every effort is being made toward getting at least a portion of the grain to terminal elevators, but naturally the available space will soon be filled. Therefore, more wheat may finally press on the market, because there is a certain risk in carrying damp wheat on farms.

Secretary Wickard in a radio address charged that any restriction upon the government's plan to sell surplus grain at less than parity prices would menace the war food supply program, and it is highly probable now that the House will fall in line, despite the stubborn resistance of certain farm bloc members. Those from agricultural sections must appreciate that when we export only 20 million bu of wheat during the year, with our normal consumption more or less static, the surpluses are bound to pile up if high prices are maintained even for sales of feed wheat.

Primary receipts were 981,000 bu compared with 804,000 bu last week, and 2,990,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 20,000 bu. When the visible supply is posted on Monday it will compare with a large increase a year ago, which amounted to nearly 7 million bu. However, with the late crop this year, patience will be required, although the increases will also be determined by the amount of available space. New buying was inadequate for even the small selling orders, which came into the pit. Some hedges appeared in December wheat, but the volume was small compared with selling from other sources. Last prices showed a decline of about 1 1/2¢ per bu.

Corn was steady at the start, but finally yielded ground; in fact, the discouragement on the floor was quite general, so that all the pits were influenced.

We had some trades today for the newly inaugurated barley contracts, with prices ranging 4 to 5¢ per bu above Minneapolis.

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CHICAGO June 29, 1942

There is a deadlock between the House and Senate on the Farm Bill, and this is becoming increasingly serious since it is closely allied with the Appropriations Bill, which expires on July 1st. Of course, members of both House and Senate recognize that the funds will be forthcoming, so that finally agriculture will not suffer through a possible delay, but still nobody can be quite sure as to when final settlement is to be expected, and at the moment conferees are working heatedly but apparently getting nowhere. Some congressional leaders had hoped for a compromise if farmers would be granted loans of 100% of parity on their basic crops, in return for which the House would yield on the Senate proposition to permit sub-parity sales of surplus grain stocks for feeding purposes. This in our opinion would be slightly bullish as contrasted with a loan of only 85% of parity. Naturally, it would offer greater inducement to producers to take advantage of the loan, although from what we hear every effort is being made in those areas where wheat is moving to take the loan, provided storage space is available.

Further rains over the week-end in Kansas, with some showers in Oklahoma, of course, will mean more tough wheat, which may have to be treated before it is suitable for storage. Whether farmers will be able to hold it back without possible loss or deterioration remains to be seen. Presently, this is bringing more free wheat on the market than would have been the case had we had a dry harvest. Today for the first time, there were fairly large receipts everywhere. Hutchinson, for instance, had 598 cars of wheat compared with 274 last year; Wichita, 378 compared with 295; Fort Worth, 444 vs. 265; and Enid 651 cars vs. 358 in 1941. In the Central States and in the corn belt, more propitious weather was reported, but the big producing areas this year are in the Southwest; therefore, the latter sections are more important from point of view of wheat. Up to the present time, there has not been much hedging pressure, indicating that the first run of grain apparently went into storage, but on the other hand, space is rapidly filling up. Wet soil conditions are also reported in Canada, which, of course, is very favorable. Drenching rains fell in many parts of the Prairie Provinces during last week, and the crop outlook accordingly has been strengthened. There are a few areas now that remain dry, and the outlook is certainly most promising, despite the fact that there have been occasional frosts, although up to now, only gardens and some coarse grains appear to have been affected.

From Europe reports remain fragmentary, but Broomhall has recently estimated that the Continent was 320 million bu short of its normal wheat requirements in the current crop-year, and is, therefore, facing subnormal production in 1942. It further indicates that a very severe restriction on the use of grain for breadmaking is likely to continue for some time. Bread rationing has been tightened again in Rumania, where they have had the second cut in two months. The daily ration for ordinary consumers is 5 1/2 ounces, and this reduction was made necessary by the limited stocks on hand and the unfavorable outlook for the new crop. Considering that Rumania was formerly an exporter, this is quite significant, although undoubtedly large amounts were sequestered by Germany in order to bolster the latter country's supplies. Even in neutral Turkey, the bread ration has been cut and the basic ration of 10 1/2 ounces daily will be reduced on alternate days to 5 1/4 ounces. Undoubtedly, the blockade must be proving effective, because in contrast to this another neutral: namely, Eire, has removed its restrictions on bread consumption and the inhabitants are now free to purchase bread without the use of ration cards. Of course, Canadian wheat has been moving freely to that part of the world in fairly decent volume.

Primary receipts were close to 2 million bu compared with 1,288,000 bu last week and 5 3/4 million last year. The visible supply in wheat showed an increase of 1 1/2 million bu. Total stocks in all positions are 185 million bu, or about 58 1/2 million bu more than was on hand in 1941. A small decrease occurred at Chicago, still leaving 3/4 million bu here.

The market was rather indifferent, hedging pressure was not important, but the trade is waiting to see what the attitude of the producer will be in the selling of his grain if storage facilities become congested. Last prices were 3/8¢ per bu lower.

Corn was weaker, and better weather over the belt will now permit cultivation. Crop prospects after these rains are naturally good.

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June 30, 1942.

There was no news from Washington to indicate that a settlement between House and Senate was anywhere near at hand on farm legislation. This, in our opinion, does not endanger in any respect the Appropriations Bill, despite the fact that there is no statutory provision for expenditures beyond midnight tonight. Undoubtedly, some satisfactory solution can be worked out in order to maintain the various governmental departments, but on the other hand, the House is not willing to yield ground, having taken a rather determined and obstinate stand on the rider to the original bill, which would have permitted a certain quantity of grain to be released for feeding purposes.

Our market today was somewhat strengthened, not on any of the developments from the Capitol, but rather grain sympathised on the improved milling demand which had been reported, and apparently some hedges were taken out of the pit, although the volume was by no means heavy. Actually, the expected large flour order had failed to materialize, at least in proportion to the stories which have been circulated here for more than a week.

Many people still hope that because of the critical food situation in Germany and some of the dominated countries, after peace is established, there will be a heavy demand from the surplus countries. Undoubtedly, this will work for a time. However, it is necessary to bear in mind what is practical and what is not practical. Certain shipping difficulties will continue even after the war ends, as the demand will not be for food alone. Some international planning of agriculture may take place at the Peace Conference, but yet, with all the barbarism that has developed in the world, there is no reason to believe that we shall suddenly develop human perfection and that everything can be satisfactorily ironed out in short order. Each country will continue to maintain its national interests and will, therefore, not voluntarily sacrifice so many of its assumed rights. It would only be wishful thinking to feel that the production in Europe would be drastically cut down and that imports would be correspondingly increased. Those nations like France, which have such fertile soil, and which were always self-sustaining in peacetime, will undoubtedly want to raise large crops once they can get the seed and machinery to carry on normal activity. Where agriculture is a natural and historic pillar of a nation's economy, it will probably be maintained, at least to some degree in a semblance of pre-war style. However, if the peace terms are fair and equitable, there will not be the tremendous agricultural preparations for another war, such as took place a few years ago, when sizeable surpluses were accumulated. While European crops are undoubtedly going to be very short this season as compared with other years, the food situation on the Continent will undoubtedly improve after harvest time, and as Broomhall puts it, if a critical situation does develop later on, the pinch will not be felt early in the season.

Reports from the Southwest are still quite optimistic with respect to yields. Many are running ahead of estimates, and farmers are filling vacant store buildings, county fairground buildings, and every type of granary, that can be constructed in a hurry in order to take advantage of the loan. In the Northwest, practically the whole territory received fair to good rains during the week, and the crying need now is for some dry, clear weather. In the early districts in eastern Montana, spring wheat is all headed out and is starting to fill, and the rains which occurred during the past few days will be enough to at least partially fill the heads, but on the very heavy stands, it will take some more good moisture in order to get maximum yields. Some lodging is expected as the crop is extremely heavy.

Primary receipts were 1,815,000 bu compared with 821,000 bu last week, and 3,088,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 65,000 bu.

The market was fairly active. A good many changing orders were executed, with July tenders circulating. Final prices were near the best levels of the day, with wheat showing an advance of about 1 3/8¢ per bu.

Corn, as well as other cereals, sympathised with the leading cereal. Liquidation was apparently well taken, and the yellow cereal developed a good undertone. Sentiment seemed to be friendly.

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CHICAGO

July 1, 1942.

Today marks the start of another crop year. Never before in history have we carried over so much wheat from one season to the next. During the Farm Board era, a reserve of approximately 400 million bu seemed fabulous, and had it not been for three drought years, it is questionable whether we could have gotten our house in order without great sacrifice in price to producers. Prior to 1928, a normal carryover was approximately 125 million bu. At that time our population was smaller, and likewise, storage room was not as plentiful as it is at the present time. Even with the growth of our population and with the extensive building of elevator space, the normal reserve during the past ten years amounted to only about 230 million bu. Therefore, when we get the final results, which are estimated to be in the neighborhood of 640 million bu, we shall have practically enough to take care of all domestic requirements for the coming season without drawing upon any of the new wheat.

Despite this situation, the House and Senate are arguing bitterly as to whether 125 million bu should be taken from this vast accumulation for the use of animal feeding. It is known to any student of grain affairs that the successively higher loan price each year has meant that the carryover reserve would increase, particularly with our exports at a minimum, and again, when final figures have been compiled, we are convinced that less than 25 million bu of wheat has left these shores since July 1, 1941. While present prices are naturally feeling the effect of the loan program, it is doubtful whether we can successfully maintain that program unless some way is found to stimulate greater consumption either through home use or through shipments abroad, or unless, of course, one or more critical crop failures were to take place. At this time, we can plan only on average conditions, although there is the possibility that with greatly reduced acreages, adverse conditions would some day give us smaller yields, and therefore, the problem is not as hopeless as though normal sowings were taking place.

When our market opened this morning, first prices were barely steady. There was not the activity in milling circles which had been a factor yesterday. Moreover, hedging pressure from the Southwest was a little more noticeable, while speculative buying power was only moderate.

The weather was more favorable for harvesting of wheat, and rapid advances are reported in many sections. One of the private experts increased the estimate considerably over the government figure, and everything now points to an exceptionally good return on the planted acreage. In the spring wheat belt, plant conditions also continue decidedly favorable, and hardly any complaints are heard, except that some damage was sustained by the winter wheat crop in Montana owing to earlier frosts. Even with this apparent setback, yields may be nearly normal, and probably very close to the government's estimate of 24 bu per acre. Experts feel that without the advent of frost, the crop might have yielded 40 bu to the acre.

Primary receipts were 1,488,000 bu compared with 913,000 bu last week and 3,643,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 14,000 bu.

Today was calendar day for purchasing wheat, and this together with the feeling that the deliveries had been pretty well taken brought in a certain amount of local and commission house buying.

We still hear reports that all types of improvised storage are being used, including vacant stores, garages, etc., and if this is the case impoundings will finally be on a larger scale than ever before.

Towards the last, the wheat market rallied on the possibility of a compromise between House and Senate on the Farm Bill. Final prices showed an advance of 1 3/8¢ a bu. There was a little further milling demand, and if there is stability for a few days, buyers may regain confidence, which would, of course, be helpful.

Corn was also strong and the Illinois hog production in 1942 will exceed all previous records. The Illinois State report was not too optimistic on crop developments. They claim too much rain in central and southern portions, with the result that condition in those sections is generally poor to good, and also claim that weeds have become a serious menace. Of course, improved weather, in our opinion, might make the outlook next week quite different.

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July 2, 1942.

Since last April, the United States, Great Britain, Australia, Canada, and the Argentine have been working on a proposition to aid the war-stricken areas, and to create a wheat pool of not less than 100 million bu for the relief of famine. Until today our only information came from England, but now that the State Department has made this information public, we feel free to discuss it. First of all, it has always been exceedingly difficult to get any group of countries together, particularly where their interests were so diversified. Importing nations had different notions as to the value of wheat from the exporting countries, and even amongst the surplus nations where great jealousy existed, none of the previous agreements nor conferences ever amounted to much. We can see how difficult it is to agree even on fundamental issues at home, with the House and Senate still debating on a plan to best serve the farmer after tremendous surpluses have been built up. Therefore, we are not too hopeful that any international arrangement will serve our purpose according to the most optimistic expectations. We do feel, however, being the most resourceful and wealthiest of the countries mentioned, that large quantities may finally be given away through various charitable organizations. This can occur only after peace has been established.

Yesterday's market advanced on the possibility of a compromise in Washington on the Farm Bill, but since nothing definite was forthcoming, some liquidation followed today. Besides this, the weather seems more satisfactory, with the result that harvesting operations are progressing.

The Robinson Elevators report, for which we have the highest regard, states that the storage situation in Kansas is acute not only at the terminal markets, but they also find that country elevators are well filled with wheat belonging to the CCC. Despite a goodly amount of farm storage that had been built, it is their opinion that it will accommodate only a normal crop, and with yields running far above normal, they say that there will be considerable wheat which will find no resting place except that it will be for sale so long as it can be shipped to the open market. The present price to the farmer is around 90 to 92¢, and at that price or above they believe that considerable wheat will be sold rather than put into unsuitable temporary storage or on the ground. Should good weather prevail, they believe that the peak of the movement will be during the week of July 6th.

Very little information comes to us from Southern Hemisphere countries, and the statistical data from Australia is still carefully censored. In the Argentine, no beneficial rains were received during the week in the dry areas, and as a result acreage reduction is now expected to exceed earlier indications. On the other hand, wheat and flour shipments are still comparatively light, and supplies presently on hand are very large. Broomhall estimates the wheat surplus, at 193 million bu. He also figures that there is 429 million bu of corn available. Therefore dealing in such tremendous quantities even a smaller crop next season would hardly be a calamity.

According to the Northwestern Miller, spring wheat flour sales last week were 65% of capacity compared with 48% the previous week and 125% a year ago. In the Southwest, bookings were 36% compared with 21% a week earlier and 65% in 1941.

Primary receipts were 1,508,000 bu compared with 995,000 bu last week, and 3,892,000 bu last year. Kansas City and Minneapolis stocks so far this week are practically a standoff.

While hedging pressure was comparatively light, there was no special feature here, although a few liquidating orders came into the pit, possibly by those who were unwilling to await further developments from Washington. Final prices showed a decline of about 3/4¢ per bu.

Corn held reasonably well. It seems that offerings from the country improved a little on advances, but feeding operations continue on a big scale, and this seems to be one of the most important factors as it spells a big consumption throughout the year.

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CHICAGO MERCANTILE EX.

CHICAGO July 3, 1942.

The Bureau of Agricultural Economics in its last report calls attention to the fact that in every year since the loan program came into operation, wheat prices in the spring have been substantially above the levels of the preceding fall. They also say that the general conditions which have been responsible for this price pattern are present again this year, although the war situation may bring new developments. No mention is made of the fact that during this process, which has been continuing for three or four years, the successive reserve stocks have been built up to a point where we now have the greatest accumulation that was ever carried from one crop to the next. Nevertheless, their own figures will soon be published in confirmation of this statement. In the meantime, our exports for the full year have been just slightly over 20 million bu, and never before in history has the showing been that bad on basis of a large crop raised, which also is the direct result of the artificially high price occasioned by the loan. Some may claim that the war had something to do with the small clearances, but yet Canada is doing business each week, and while the exact figures are not published now, it is well known that she has placed more than 175 million bu of wheat and flour afloat since Augustl, 1941.

When our market opened this morning, it was influenced by a larger volume of flour business. Several governmental agencies had made purchases and the removal of these hedges was a stimulating factor. There also seems to be persistent talk that while the expected compromise on the Farm Bill has not materialized, action may be had next week. The reports also claim that both the Secretary of Agriculture and the Budget Bureau have approved pending measures to provide 100% of parity loans for basic commodities during the present year. Should anything of that kind occur, it would undoubtedly impound greater quantities of grain than ever before.

Sanford Evans' crop report on Canada is highly optimistic, and the entire month of June saw week after week of precipitation, with the result that widespread improvement was wrought in all favored districts. He states that crop prospects are on the whole outstandingly good.

It is interesting to note that satisfactory conditions also prevail in England. That country generally raises relatively small amounts of wheat in comparison with its consumption, but at the end of this year's plowing-up campaign, Britain will have about 6 million acres more under the plow than before the war. Acreage under wheat, almost all of which is needed and used for home consumption, has been increased by well over one-third. Besides this, there has been almost a 60% increase in the potato acreage. In other lines, such as vegetables, sugar beets, etc., improvement has also taken place and while the situation with regard to fertilizers is not altogether satisfactory, at least some headway is being made, despite the fact that there is a real shortage of skilled farm labor. It is also interesting to note that while there is less farm acreage in Britain than in Germany, the former has more tractors and can provide them with fuel.

Primary receipts were 1,544,000 bu vs. 981,000 bu last week. Due to a holiday, there are no comparable figures for last year. So far this week, Kansas City and Minneapolis show an increase of 58,000 bu, which would indicate some increase in the visible, although less than last year when the increase amounted to 11,007,000 bu.

Another private expert now estimates the crop as of July 1st at 901 million bu. There was a decided improvement in the milling demand, although this seemed to be offset by increased hedging pressure. The Washington situation has been further complicated by President Roosevelt's strong support of the demand that Congress authorize the sale of 125 million bu of wheat for feeding purposes at prices under parity, stating that the real issue involved was whether the government should be free to use its feed resources to produce food for wartime effort. Until final action is taken, uncertainties will continue to exist. At the close, July wheat was 1/4¢ lower, and September 3/8¢.

The hog market was very active, with a new high price of $14.90 being made for the year, which is the highest since July 6, 1926. Naturally at this level, feeding will be greatly encouraged.

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CHICAGO MERCANTILE EX.

July 6, 1942

Oil, the essential basic material that is so vital for the proper functioning of any modern war machine, is the objective of the German drives into Egypt and Russia. The news from Libya seems to point to the fact that the British have at least temporarily stopped Rommell and his army, and Berlin dispatches admit that the British have succeeded in bringing up enough reserves to take the offensive in that country. In Russia some gains have been made by the Germans, and it is indicated that they have thrown over a million men into the Kursk sector in an attempt to overrun the approaches to the Caucasus. Naturally, the oil from that section is just as important to the Russians as it is to the Germans, as it is estimated that in 1941 all but 40 million barrels of Russia's oil was produced in that district.

Great uncertainties still surround the final outcome of the Washington controversy as to whether or not 125 million bu wheat will be sold for feed at 85% of corn parity price, and also, whether as a compromise the agricultural loan price for 1942 will be raised to 100% of parity. The administration's forces are apparently unalterably opposed to the restrictions of not selling the feed wheat at less than parity prices, but the House so far has been adamant in its position. Undoubtedly, the final outcome will have a decided market bearing. The crop prospects in early June, together with the expected smaller carryover of feed grains, point to a 1942-43 supply of the four principal feed grains 4% smaller than the near record supply of last year. This in view of the fact that livestock numbers are increasing, and it is probable that the number of grain consuming animal units next January may be 5 to 6% larger than on last January 1st, in accordance with the statement of the Bureau of Agricultural Economics. The CCC holdings of corn were 57 million bu as of June 27th. If the compromise measure of allowing 100% parity loans but permitting 125 million bu wheat to be sold at 85% of parity price of corn is passed, it would unquestionably disturb the feeding program, as there would be a tendency on part of the farmer to seek the loan on his corn and to revert to wheat feeding where possible.

Weather over the holiday period was mostly clear and harvesting is progressing. The first car of new wheat was received in Chicago today. Receipts at Kansas City today were 1,448 cars vs. 3,629 cars a year ago. At the six other Southwestern points they amounted to 3,432 cars against 2,134 a year ago; however, today's receipts include a two-day holiday period. Therefore, as a total in proportion, they are less than last year, although there can be no doubt that there is more free wheat offered than the trade had at first contemplated: first, because the yields are turning out large, and secondly, the scarcity of storage room necessitates the selling by many farmers of at least part of their crop.

Conditions in our own Northwest continue favorable, with practically no complaints received to-date, while in Canada the moisture for last week was 105% of normal as compared with 98% the previous week and 88% last year. The Searle Grain Company reports that there is hardly a single point in the three Canadian Provinces where the total moisture is below normal, and outstanding for sizeable reserves of moisture are the so-called large drought areas of Saskatchewan.

Primary receipts totaled 5,172,000 bu compared with 1,961,000 last week and 6,667,000 bu last year. When the visible supply was posted, it showed an increase of 3,790,000 bu against an increase a year ago of 11,007,000 bu. The total wheat visible now is 188,941,000 bu, or 51,216,000 bu more than in 1941. Chicago stocks decreased 272,000 bu, and now stand at 9,428,000 bu.

With receipts in the Southwest the markets was subject to hedging pressure throughout most of the session. With larger yields in some sections of the Southwest farmers seem more satisfied to sell wheat around prevailing levels. Toward the end of the session, Senator Bankhead issued a statement supporting 100% loan prices for 1942 as a compromise measure. This led to a rally from the lows, but at the close July wheat was 1 1/8¢ per bu lower and September 1 3/8¢ down.

Hogs topped $15 today, which equaled the price made in July 1926. Corn partially reflected the weakness in wheat, but with favorable hog-corn ratio, there is additional incentive for producers to feed.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

July 7, 1942.

Several sources seem to feel that the administration will win out in its fight to permit the sale of surplus wheat for feed at below parity prices. However, there is very little in the news to indicate whether it would be an out-and-out victory for the administration, or whether a compromise would be reached which would place loan values on the six basic crops at 100% of parity. In analyzing any issue, it is always necessary to study the secondary consequences. Should the farmer be able to obtain 100% parity loan on corn, prices must advance from present levels or many farmers would elect to take the loan, thereby making corn a cash crop rather than a feeder one. If corn prices should be forced up to full parity, it will either narrow the feeding margin or prices of animal products must advance. If present ceilings should be maintained over pork products, the incentive to produce would be diminished, while on the other hand, if these ceilings were raised, it would be necessary for the consumer to "foot the bill," adding fuel to inflationary tendencies.

The Bureau of Agricultural Economics of the U. S. Department of Agriculture has issued some rather interesting figures, projecting the supply and distribution of wheat by classes for the 1942-43 crop year:

As of July 1st, they place the stocks of hard winter wheat at 253 million bu, the prospective production at 414 million bu, or a total supply of 667 million bu. The domestic disappearance is estimated at 300 million bu, leaving available for export and carryover 367 million bu.

The soft winter wheat stocks, as of July 1st, are estimated at 45 million bu, with a probable production of 175 million, making the total supplies 220 million bu. The domestic disappearance is estimated at 190 million bu, leaving available for carryover 30 million bu. The ten-year average domestic disappearance of soft winter wheat is 203 million bu.

On July 1st, the supply of spring wheat, exclusive of Durum, was 244 million bu and the probable production forecasted at 171 million bu, or total supplies available of 415 million bu. The domestic disappearance is estimated at 110 million bu, which would leave 305 million bu available for export and carryover.

From the above figures it can be noted that the soft winter wheat will be in very delicate balance, with available supplies at the end of this crop-year decreased. Therefore, it would appear that price differentials would have to be such as to attract wheat to Chicago from other markets.

Weather remains satisfactory throughout the Southwest for harvesting, and receipts at Kansas City, Wichita, Hutchinson, Salina, Fort Worth, Enid, and Amarillo totaled 1,680 cars, which compare with 1,697 cars on the same day last year. One of our very good friends in the Northwest advises this morning that the past week has been a very good one for the growing crops. He further reports that winter wheat is now beginning to ripen in Southern Montana and that indications point to a very big crop with large yields per acre in that district.

Primary receipts total 2,356,000 bu against 1,815,000 a week ago, and 3,687,000 the same day in 1941 Kansas City and Minneapolis stocks so far this week show an increase of 519,000 bu.

The local element was a little more friendly to wheat this morning, with the feeling prevailing in some quarters that the loan prices would be raised to 100% of parity. We have no confirmation of this whatsoever, but it did lead to the replacing of some wheat, and while there was evidence of hedging, the pressure was not as great as yesterday, and at the close July wheat was 1/2¢ per bu higher, while the September was 5/8¢ a bu up.

There was a better feeling reflected in corn, although the top prices for hogs of yesterday were not maintained. It seems that there are not enough pigs coming to market to meet the tremendous lend-lease pork meats plus domestic requirements, although the supply of hogs on the farm is greater than indicated by the light day-by-day marketings. There is a steady demand for corn from industties.

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CHICAGO MERCANTILE EX.

CHICAGO July 8, 1942

After the close of the market yesterday, announcement was made that the Senate, by a vote of 28 to 24, had passed legislation providing for full parity loans on the six basic crops. There is much conjecture as to what will now happen when the bill is presented to the House, or if it should go to the President for final signing or vetoing. It is rather difficult for the average layman to appreciate how only fifty-two Senators can participate in a decision as important as the one made yesterday. Should it receive final approval, it will affect the agricultural districts and will have a grave effect on the entire machinery built up over the past one hundred years to handle these products. It will finally affect the welfare of this country, as well as the lives and future of its 130 million people. The cost of agricultural products will be advanced. 100% parity loans on corn mean a less favorable feeding ratio and a probable higher price for hogs, and consequently, hog products; in fact, it looks as though from many quarters fuel is being added to the insidious spiral of inflation. According to an article appearing this morning in the Wall Street Journal, the Office of Price Administration appears to have run up against almost immovable forces in its negotiations for wage stabilization.Should stabilization finally be obtained, it would appear that it can only be done at levels substantially higher than those paid in the major industries in March, on which present ceiling prices were placed. To meet present conditions, it has already been necessary for the OPA to advance ceilings on dried fruits and other commodities, and as one ceiling after the other is advanced, the spiral begins to work. Whether for political expediency or other causes, this country has not taken steps such as they did in Canada to firmly clamp down on rising costs. We are fighting an "all-out" war; there should be no special privileges or special groups recognized. In order to successfully terminate the present conflict, it will be necessary for everyone to give and to sacrifice.

Crop news is almost uniformly good. The Kansas weekly report states that winter wheat and oat harvest is making progress, with 50 to 75% of the wheat cut in the eastern third and in the south central part. The Oklahoma weekly states that winter wheat harvest made good advances in the Panhandle, that combining is completed, and that threshing is under way elsewhere, with yields well above pre-harvest expectations. Iowa reports that temperatures have been favorable the past few weeks, with soil moisture now ample and especially favorable for winter wheat.The Illinois weekly report comments that weather was more favorable agriculturally as a whole than in some time. Generally speaking, the government weekly grain report states that due to better weather harvesting progress was rapid, so that in the Southwest harvesting is mostly completed and threshing is in progress, with yields above pre-harvest expectations. In the spring wheat belt, weather continues ideal and that crop made excellent progress.

One source of information believes that almost 75% of the wheat receipts at Kansas City the past few days is going into free channels. This is inpart due to scarcity of storage room, but also to the fact that the farmer, getting more bushels per acre than had been anticipated, is fairly well satisfied to sell his wheat around these levels, which are considerably under loan prices. Wheat receipts in seven Southwest markets, including Kansas City, totaled 2,078 cars compared with 2,043 the same day last year.

Primary receipts were 2,291,000 bu compared with 1,488,000 bu last week and 4,558,000 bu last year. So far this week, stocks at Kansas City and Minneapolis show an increase of 998,000 bu.

It was a foregone conclusion that with Washington news the markets would open higher. There was evidence of good mill buying, and, according to the Northwestern Miller, the long-awaited increase in flour bookings has arrived and general buying has been the best in several weeks. News from Washington will be scanned very closely for any intimation as to action of the House, and finally the President, regarding the 100% loan price. Buyers seemed to gain more courage, and at theclose both July and September wheat were 3 3/8¢ a bu higher.

From the corn states, crop progress is reported good. There were fairly substantial amounts booked from the country, although offerings are well taken.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

July 9, 1942

The carryover feeling from yesterday was somewhat bullish. It seems that the President's anti-inflation message of April 27th is more or less forgotten, and even the Office of Price Administration, which has been charged with the task of keeping all prices down, sees in rising wages a persistent threat to the already weakened price ceiling. With the Senate having passed the 100% of parity loan bill, there is also a good chance that the House will act favorably following the approval of the House Committee. If the bill finally receives Presidential sanction, agricultural prices will undoubtedly mount higher. This general sentiment has induced flour buyers to anticipate their needs, and has also been a factor in the stock market, with higher prices registered today after several days of advancing prices. The upward spiral will be more and more difficult to control if the government appears willing and anxious to keep the worker happy with pay increases. It is, therefore, interesting to note that since the President's talk last April, the War Labor Board alone has granted outright wage increases to workers of more than a dozen industrial firms, although some claim that these advances have not been sufficiently substantial to have any effect on the general price structure.

There was some hesitation in the early trade, and, of course, nobody could be certain whether the 100% loan would ever become law, particularly since the Senate vote was very close. Until this question is settled, there is bound to be a certain amount of nervousness to markets.

Crop reports from Europe, according to the U. S. Department of Agriculture, confirm our previous reports that wheat harvesting in some instances is decidedly poor. Harvesting is under way in Southern areas of Europe, including the Danubian basin, and favorable weather has improved wheat prospects in the United Kingdom, but the crop is still backward. Fortunately, most fertilizers in Britain have been available in greater, and in some cases considerably greater, quantities than before the war, plus the fact that farm machinery is ample. The Minister of Agriculture in the latter country is urging larger acreage to take the strain off shipping, and is asking for another one-half million acres to be planted--,most of it will probably go into wheat.

From Canada, we are getting very optimistic reports. Ottawa gives the condition of all wheat at 135% of normal compared with 108% last month and only 80% a year ago. The three Western Provinces are said to have planted about 20 1/2 million acres, and on basis of a wheat condition of 135%, it is quite possible that a crop of 400 million bu might be raised. Thus, they may have as much grain to contend with as in years of larger sowings. Nevertheless, Canada is still the one country doing the largest export business; since August 1, 1941 to the end of May 1942, she has cleared more than 185 million bu of wheat and flour, or 20 million bu more than during the previous season. This compares with total clearances of only 20 million bu from the United States in the season just closed. Therefore, we have a picture of what takes place when artificially high prices, through the loan, prevent normal shipments which we have enjoyed during other periods.

Primary receipts were fairly good at 2,416,000 bu compared with 1,508,000 bu last week and 5,105,000 last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1,662,000 bu.

Trade was rather nervous and at times the market was weak, particularly after President Roosevelt had made another attempt to pursuade Congress to break the long deadlock over the Agricultural Department's operations. However, we believe he had in mind mostly a desire to sell wheat at sub-parity prices for livestock feeding and did not refer specifically to the 100% loan. Last prices were 1¢ a bu higher for September wheat, while the December advanced 1 1/4¢.

Corn was not particularly strong considering the leadership in wheat, but, of course, the trade has in mind that substituting wheat for corn feeding might at times prove somewhat burdensome. The corn-hog ratio this week was 16.6 compared with 16.7 last week and only 13.9 a year ago.

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CHICAGO MERCANTILE EX.

CHICAGO July 10, 1942.

With an expanded movement of grain to terminal markets, storage space is becoming extremely scarce, but despite this, the Department of Agriculture has stated that no blanket embargo of grain shipments to leading terminals is contemplated. However, the system of permits is being continued, and it is hoped that everything will work out in orderly fashion. The grain trade has lost sight of these fundamental conditions, and rightly so, as hedging pressure is naturally light during a period when the bulk of the grain is either stored on the farms or else goes under the loan. Consequently, the open interest remains small, and as a result normal hedging operations have much more than the usual influence upon markets. In today's operations, futures were purchased presumably against flour sales, and this was a rather sustaining influence for a time.

In the main, however, people are watching developments at Washington, and it is still somewhat of a speculation as to whether the 100% of parity loan will become law. There seems to be a fair chance, however, that House action will confirm Senate approval of this bill, but if this is the case, and the President finally sanctions it, it would probably only result on the basis of some compromise, so that surplus commodities could be sold at sub-parity prices. Such a combination, in our opinion, would spell the end of organized marketing as we have known it for the past century. The grain exchanges throughout the country would not be able to function in a manner satisfactory to farmers, millers, processors, etc. Even at the present time, with the greatly contracted trade, hedging operations are very desirable; in fact, the government itself has need for exchanges, as many of their operations both in agriculture and OPA depend rather heavily on the continuous price quotations provided by the exchanges. Furthermore, many of the cooperative companies, as well as the farmers, use our markets regularly. Should the 100% loan bill become law, it would inevitably mean the impounding of millions of bushels of grain at a high level, and the government, after taking title to the grain, would sell it out on a lower basis, so that the merchants and middlemen might finally be eliminated. Also, the smaller processors would find it difficult, if not impossible, to carry on operations, as their speculative risks would mount, and on the whole it would be a most unsatisfactory situation. Most attention now is directed to the immediate market effect should this legislation pass, but probably few people realize the dire consequences and the ultimate results.

Crop news in the Northwest remains mostly favorable, and we shall know more about this later in the day when the government report is issued. In the meantime, Minneapolis merchants claim that their country purchases have been quite large the past few days, and evidently farmers are cleaning out their bins to make room for the new crop. It is possible that there will be a downward revision in premiums when this run of recently purchased grain starts arriving at terminal markets.

Primary receipts were about 2 1/2 million bu, compared with 1,544,000 bu last week, and practically 4 1/2 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 2,526,000 bu. A fair-sized increase in the visible supply is expected on Monday, but nothing like a year ago, when there was a huge addition to stocks of nearly 20 million bu, but, of course, this would not be possible under present conditions, owing to lack of storage.

Trade continues nervous, but volume was smaller than during recent sessions, and this is quite natural until Washington developments are clarified. In the meantime, a good many uncertainties exist, and after the recent advance longs are quite cautious. Last prices were 3/4¢ per bu lower for the September futures, while December declined the same.

In corn, there is no particular feature. Recent liquidation has placed the market in a better technical position, but there is still the fear that substituting wheat for corn as a feeding proposition may have a slightly bearish influence should the administration finally gain its point.

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CHICAGO MERCANTILE EX.

CHICAGO July 13, 1942.

There was no special grain news over the weekend, but fairly large accumulations have taken place in southwestern markets, and with some recession in the milling demand, first prices were somewhat lower. Whether it was due to legislative fears or simply seasonal trends, an intensive rush of flour business took place last week, and the volume improved all along the line. Mills in the Southwest booked anywhere from 375 to 400% of capacity, while Northwest Mills had a business in excess of 200%, and the soft wheat volume also was up sharply, approaching 250% of mill capacity, according to figures given out today by the Southwestern Miller. This all occasioned the removal of hedges from the pit, but apparently sales from the country were an offset at least to some extent, although the market advanced but part of the rise was undoubtedly due to the prospect of 100% loans being established for the various basic commodities.

We doubt whether the grain trade is fully cognizant of what this will finally mean in terms of later business. There have been so many new laws placed on the statute books in recent years that one finds it difficult to appraise each one in advance because of the artificial stimuli that are created. Nevertheless, it is an established fact that with every successive advance in the loan price, larger quantities were impounded. Thus, it is safe to forecast that if 100% loans are finally put in effect, accumulations will be on a scale never before reached. If this is the case, it requires very little imagination to appreciate that our government, however powerful, cannot continue to accumulate surpluses without some day trying to seek an outlet. We have no way of knowing whether the House will concede to the disposal of the comparatively small quantity of wheat at sub-parity prices, for feeding purposes, but even assuming that they are unwilling to make this concession, it is only a question of time before there must be a reversal of policy. It is possible that next July there may be a carryover of close to 850 million bu of wheat. Since it is quite obvious that with larger reserves always on hand, some day sales must take place, and there may be great chaos whenever that time is reached, as present price levels are entirely artificial. We cannot expect any large quantity of export business, except by granting a large subsidy, unless, of course, we give the grain away to European countries when peace is established, either through lend-lease operations or through charitable organizations. At that time it is quite possible that the middleman and the processor, in fact, all who have been an integral part of the grain trade, may suffer tremendous losses, or may be eliminated, particularly so if hedging facilities continue to suffer.

Crop prospects in our Northwest are being maintained, and in Canada it appears as though 1942 might even exceed the year 1927 from point of view of yield. There is still six to seven weeks before maturity, but according to McCabe Bros. Co., Ltd., conditions as they stand at present, if continued, will produce a bumper crop. They say if present estimates are maintained, there is the possibility that the Prairie Provinces may produce 448 million bu, with a yield of almost 22 bu to the acre. The Canadian carryover will be somewhat reduced from a year ago, but if the present crop promise finds fulfillment, our northern neighbor will again make every effort to do the lion's share of the export business.

Primary receipts were 4,462,000 bu compared with 5,172,000 bu last week, and 6,415,000 bu last year. When the visible supply of wheat as posted, it showed an increase of 8 million bu, with total stocks n all positions nearly 197 million bu, which is 39 million bu larger han last year. Chicago stocks decreased 298,000 bu, still leaving million bu at this market.

Trade was rather indifferent, and volume was not particularly ig. It seems that until Washington matters are clarified, speculators o not get very far off base. Hedging pressure, however, was light. inal prices were about unchanged.

Corn was quite strong and crop news is spotted. Early weather as not altogether satisfactory for the best development of the plant. uly 1st stocks indicate a disappearance of nearly 527 million bu of orn from farms since April 1st, or the largest on record. For the same hree months last year, the disappearance was 445 million bu according o the BAE.

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CHICAGO MERCANTILE EX.

CHICAGO July 14, 1942

The main interest continues to center around Washington develop-
ents, and great uncertainty exists, as there has been no compromise
et between the conferees of House and Senate Agricultural Committees.
ate yesterday, it had been reported that an agreement had been reach-
, but this apparently was in error, and the chief conflict is in
onnection with the very controversial issue on the sale of wheat at
ub-parity prices for livestock feeding. The President has insisted
hat this must be retained in the Appropriations Bill in order to
ake available sufficient feeds at a low price, which in turn would
ncourage production of meat and dairy products for both military and
ivilian uses. The Senate is strenuously opposed to keeping the
rice at the full corn parity level but would like to see sales made
t about 85% of parity, which would be about 83¢ a bu. The House on
he other hand is holding out for a price that will be approximately
7¢, and thus nobody can tell the outcome at this particular time.
ikewise, on the other bill which is now pending in connection with
ull parity loans to farmers, the Senate has taken action but the
ill is held in abeyance until the House makes up its mind. Therefore,
he trade is greatly befuddled and both advances and declines take
lace with the utmost rapidity when any kind of news appears on the
roadtape.

In the meantime, Southwest receipts are keeping up at a good
ate. Both terminal and sub-terminal markets have very little empty
pace, so that it is quite possible that before long a permit system
ay have to be invoked, not only for the movement of storage grain,
ut also for free wheat. In this respect we have a situation quite
ifferent from that in normal times: namely, a very high price level,
nd yet congestion, with little chance of farmers selling all they
ant even on the free market.

Little is heard about crop developments in Europe, although some
formation concerning German conditions seems to creep out, despite
ll the precautions that are being taken. German food supplies now
epend mainly on current production in Greater Germany, and this must
e maintained if a food disaster, such as occurred in 1917-18, is to
e prevented. In other words, the comfortable margin of foodstuffs
hat had been available at the beginning of the war disappeared dur-
ng 1941,in spite of considerable imports. When the conflict started,
erman agriculture employed nearly 11 million people on about 3.9 mil-
ion farms. Agriculture is still mainly peasant farming, but with so
any small holdings the effective use of modern machinery is practi-
ally unknown, and while there are about 100,000 tractors in use, three-
uarters of them are owned by farms which amount to only 18% of the
otal number of farms. In that country there are great handicaps be-
ause of the shortage of oil and gasoline. Thus the prospects are not
o encouraging from their point of view.

In our own country, there have been some complaints in parts of
he Northwest about the effects of heat, and there may be some damage
ecause of the fact that wheat is now in the blossom stage. Further-
ore, there are quite a few reports that more moisture is needed, and
hile it is not urgent, at the present time temperatures in Montana
ave reached nearly the 100-degree mark, and these are bound to dry at
east the top soil. On the whole, the outlook is still quite satis-
actory, but weather the latter part of July often plays a very im-
ortant part, and therefore, must be carefully watched.

Primary receipts were 2,408,000 bu compared with 2,356,000 bu
ast week and 4,041,000 last year. Kansas City and Minneapolis stocks
how a net increase so far this week of 273,000 bu.

Early strength in the market was dissipated when the announce-
ent came from Washington that no immediate agreement on the farm bill
as in sight, and, despite strength in corn and in oats, locals evened
p on their commitments, with the result that final prices showed a
ecline of 3/8¢ per bu for the September, while the December delivery
as off 1/4¢.

Corn was quite firm, and crop news is not altogether satisfac-
ory; but the chief reason for the strength is the heavy consumption;
hus, we believe that all feed grains will be affected. This is be-
ng recognized in oats, and we feel that there is merit to this ce-
eal, despite the fact that a large crop was raised.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO July 15, 1942.

For many weeks there has been a great amount of uncertainty on the farm bill, and while on numerous occasions compromises had been anticipated, it was not until today that the House finally gave in after two months of congressional deadlock. The most controversial issue, of course, related to the disposal of the wheat at sub-parity levels. For some time back the Senate has been in agreement with the President that 125 million bu of wheat should be sold for feeding purposes at 85% of corn parity, and the House has been reluctant in making such a concession, but according to today's report, apparently the administration has won out. Hence, all the congressional debate may have come to an end on that score. However, there is still another bill pending, and this has to do with the 100% parity loan, and nobody can be sure of the outcome at this time. Even if it is finally placed on the statute books, the chances are that finally benefit payments will be withdrawn, and consequently, the farmer would not actually get any more money than he does at the present time. In other words, with an 85% loan, and other pecuniary considerations, he is actually receiving the full parity through a combination of circumstances. However, if the loan were increased to 100%, it might be extremely detrimental to producers, as in the final analysis this might wreck the whole system of futures trading, and be such a blow to hedging markets that our entire marketing machinery might fail to function in a satisfactory way.

At the start of operations this morning, sentiment was quite friendly. The fact that corn and oat prices were higher was a stimulating factor; there was also some flour business in the Northwest, a few hedges were removed, and with better speculative support advances took place. Traders, however, did not get too far from base, as they were fearful of something unexpected happening at Washington. When the compromise proposal was announced, there was a fair amount of liquidation, and some of the early buyers turned sellers. Another factor was the threatened strike of workers in some of the flour mills, which might cause the closing of some plants.

The wheat storage situation is rather tight in the Southwest, and today's receipts in Kansas City were more than twice as great as those a year ago. The Kansas crop is probably the best raised in years, and every possible facility for the storage of wheat is now sought, as the public elevators, both at terminals and interior points, seem unable to cope efficiently with additional arrivals. Despite all these measures, wheat is being stacked on the ground with little protection afforded against the elements.

Primary receipts were fairly good at 2,443,000 bu, compared with 2,291,000 bu last week, and 2,961,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 1,020,000 bu.

It will be great relief to the trade when calculations are not continually made upon the possible happenings at Washington. Regardless of the fact that some wheat will be sold for feeding purposes if this bill becomes law, it is far better that the surprise element is eliminated. As we have maintained for many months, when such tremendous accumulations take place some day the reverse process must occur, and it is just as well to think of the most satisfactory method of disposing of the surpluses without unnecessarily depressing the price.

At the last, September wheat was 1/4¢ per bu lower, and the December declined 3/8¢.

Corn was strong early, but naturally was affected by the Washington news. Anything that will afford competition in feeding will have some effect, although we believe that the government program is so vast that feed grains will finally be worth the money.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO July 16, 1942.

The rather dramatic ending yesterday of the Congressional deadlock on the Agricultural Appropriations Bill still leaves unsettled the controversial issue of 100% parity loans. Opinions seem to be divided as to the final outcome, but there are many who believe that, with sentiment growing for anti-inflation legislation, the action on the loan bill may be indefinitely postponed. It certainly must be elemental to any student of economics that there cannot be continual advances in agricultural products and in wages without seriously aggravating the inflation spiral. We cannot repeat too often what we have stated recently: that 100% parity loans would finally work to the detriment of the entire grain industry. As one of our good friends has expressed it in a letter to us today, "The farmers and some branches of the grain trade do not seem to understand or appreciate that by their passive acquiesence they are giving approval to policies, which in the long run are bound to be disastrous to themselves and not in the public interest."

According to Broomhall, the British Minister of Agriculture has requested that another 500,000 acres of pasture lands be plowed up this year, and expresses the hope that the bulk of this land be sown to wheat in order to relieve the shipping situation. If this objective should be accomplished, even though economies are enforced, it would still be necessary for England to import over half her annual requirements. The increased acreage would give her about 2 1/2 million acres sown to wheat. Although probably few people realize it, in the middle of the last century before cereal growing in the British Isles was seriously challenged by the Americas, over 4 million acres of wheat used to be sown there yearly. That government, in its attempt to increase home production, is paying the farmer a very liberal price, besides a bonus of about £3 per acre, on all wheat land. In order to encourage growers to store wheat on the farms, they vary the monthly price paid to the farmer, starting in August at about $1.90 and increasing it each month until the following July, when it reaches $2.10. They further prohibit the feeding of wheat.

The Kansas City Weekly Weather and Crop Report indicates that yields of all small grains are turning out better than previously expected, and that harvest of wheat has progressed rapidly during the past week, with the crop practically harvested in the Southwestern part of the State. Iowa reports the winter wheat combining made good progress in the heavy producing western central counties,, and in localities elsewhere. More heat, although not excessive, with increased sunshine and less rainfall, have been ideal conditions for advancement of the Iowa corn crop. From the Northwest, Van Dusen Harrington Co. reports that temperatures, although high, have not been unseasonable, and that over the greater part of the territory moisture supply is still ample; they also state that the crop development has been rapid under almost ideal growing conditions. Complaints are received, however, from the southern part of Illinois and parts of Missouri.

Yesterday evening the Directors of the Kansas City Board of Trade voted to enforce the permit system on free cash grain moving to that market effective as of midnight. While the permit system in that market has been enforced for some time on storage wheat, this is the first action to be taken by any market on free wheat. Undoubtedly, after present accumulations have been cleaned up, shipments will decline perceptibly.

Primary receipts were 2,292,000 bu compared with 2,416,000 bu last week, and 3,415,000 bu last year. So far this week, stocks at Kansas City and Minneapolis show a total increase of 1,665,000 bu.

At the opening of the market this morning, there seemed to be some wheat on tap which had been purchased in the latter part of yesterday's session. There was also some very good selling on part of one commission house which was conspicuous by its buying the past ten days.

(OVER)

With storage space scarce and enforcement of the permit system, bu ish enthusiasm seems to be lacking at the moment, and wheat was u pressure throughout most of the session. At the last, wheat was 1 1/2 to 1 3/4¢ per bu lower.

From information we received from Kansas City this morning the Unions had notified the flour mills that the strike would be called starting at seven o'clock this morning, but this had no bee delayed for 48 hours pending further negotiations with Federal Co ciliators.

Receipts during June of stocker and feeder cattle in seven of the corn belt states, were 79,607 head compared with 69,660 hea a year ago, or an increase of about 14%. We look for the increa in feeding to continue. Therefore, believe corn will remain in goo demand. One source reports that oats in sections of South Dakota showing damage, and undoubtedly some light weight oats will be pro duced. This cereal remains a very cheap feeder crop.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO July 17, 1942

There was very little in the way of overnight grain news to af- ct markets. Apparently certain members of the Farm Bloc, headed by . Fulmer, Chairman of the House Agricultural Committee, are still shing for some action on 100% of parity loans, but whether this will brought to a head in the immediate future remains to be seen. The gislative body is at the present time busy with the discussion of e proposed tax bill for 1942, and this may occupy their attention r quite a considerable period, particularly as according to press leases, President Roosevelt may denounce the pending tax bill as adequate under an anti-inflation program.

The news from abroad would indicate that the battle for Egypt now in the balance, with some fierce fighting taking place, while Russia that country is making some determined stand and counter- tacks in certain sections, although still retreating in the South. e German push to the Caucasus is apparently an endeavor to win food well as oil.One very well informed correspondent points out that rmany is again approaching the position she was in when the United ates entered the war in 1917, at which time Germany's outside food pplies were almost entirely eliminated, and generally speaking, ey were compelled to subsist on home products. There was again a ash in the German rationing in April. This correspondent points t that the fat rationing is below that of Great Britain --that while e can buy unlimited quantities of bread in England, it is rationed in rmany, and that the Germans receive about half the quantity of meat the Britishers. Nazi-controlled Europe is nearly exhausted as a od producer, with great curtailment of production in the formerly ch agricultural and dairy countries of Holland and Denmark. The rst authentic reports of Germany's 1942 harvest, which have recently ached London, point conclusively to the fact that the crop will be low normal, and although denied by the Nazis, the spring sowing does t appear particularly favorable, at least not sufficient to bring the rman harvest to normal.

In contrast, reports from the Northern section of the Western misphere continue extremely favorable. Practically every source of formation from Canada speaks of favorable weather conditions in the airie Provinces, ample moisture and satisfactory development. In r own Northwest, the April-June moisture varies from 107% of normal 160%, and while the weather has been quite hot, the past few days, do not believe that temperatures have as yet been damaging, and less there is a radical change between now and harvest, the spring eat harvest should be a very successful one.

Invoking of the permit system in Kansas City on free wheat has ly been in force for twenty-four hours, and therefore, has not yet fected receipts. Kansas City today had 487 cars of wheat against 5 a year ago, while at Hutchinson, Salina, Wichita, Fort Worth, arillo, and Enid receipts totaled 761 cars vs. 717 cars in 1941. imary receipts were 2,569,000 bu compared with 2,497,000 bu last ek, and 3,204,000 bu last year. So far this week stocks at Kansas ty and Minneapolis show a net increase of 2,386,000 bu, which points an increase in the visible supply of probably much less than last ar when it gained 19,253,000 bu.

The open interest increased 1,147,000 bu yesterday and has been owing a steady increase during the past ten days, indicating the ef- ct of absorption of some hedges. While it now stands at 42,500,000 as compared with 31,910,000, the all-time low established on the h of May, it is still exceedingly low in proportion to the size of e crop and carryover.

Wheat was under liquidating and hedging pressure throughout most the whole session, and found very little support on breaks. e house, which had been rather conspicuous on the buying side about n days ago, seems to have been active on the selling side the last w days. Confidence seems to be lacking. At the close, wheat was 5/8 to 1 3/4¢ a bu lower.

Corn had a very firm undertone, and showed no sympathy to the akness in the sister cereal. Both bookings and shipments were prac- cally nil.

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CHICAGO MERCANTILE EX.

July 20, 1942.

Harvesting of winter wheat was delayed in the Ohio and Central
ssissippi Valleys by rather heavy showers, but this work is well
ong in most sections, and threshing has begun in some localities.
king the winter wheat crop as a whole, this promises to be a near-
nner year. According to the United States crop report, the indica-
ons on July 1st were for a winter wheat crop of 18.6 bu per acre.
e only better yield that was ever obtained was back in 1931 when
produced 19 bu to the acre. Of course, at that time the sowings
re much heavier than at present, and with over 45 million acres
anted, we finally had a yield of 825 million bu. However, a winter
eat crop this year of 675 million bu is a very wonderful return
d should just about take care of our domestic requirements for the
tire season. Therefore, whatever spring wheat is raised, plus the
rryover, will be surplus. It is a little early to come to any
finite conclusions for the Northwest, but yet the indicated yield of
.1 bu per acre is very satisfactory, and while a small reduction from
st year, it compares with a ten-year average of only 10.5 bu to the
re, also showing what the effects of rains are when received at the
oper time. Taking the country as a whole, we should produce nearly
bu per acre. This compares with only 13.3 bu to the acre, which is
average during the years 1930-39.

With this record, there is nothing statistically which is very
omising for higher prices, but statistics these days can be only
udied in conjunction with the many artificial stimuli at hand.
this connection, the amount of wheat which will finally be impounded
of extreme importance. Likewise, we must consider that the CCC
lds 201 million bu of wheat from the 1941 crop and slightly more than
million bu from earlier crops, so that practically 300 million bu,
nearly half the carryover, is removed from commercial channels.
ere is besides this, the wheat on farms on which loans were made.
is naturally has created a situation where there is less pressure
on the market than in normal times. It is too early to arrive at
gures which would be helpful in connection with the 1942 crop. On
ly 11th, about 3 1/2 million bu of wheat had come under the loan.
wever, the program is so vast that there is bound to be delay in
thering the details. Furthermore, there are physical handicaps due
the shortage of elevator space, so that it is taking many producers
longer period even where space is available to get their storage
ckets at terminal markets.

We can no longer judge Canadian crop development by the tempo
the Winnipeg market since there is hardly any fluctuation of im-
rtance. However, even sultry weather in that country during the
st week is not regarded as serious, and taking the West as a whole,
nford Evans claims that crops suffered little damage of any kind up
this point of the season.

When our market opened, a little attention was directed to the
flation control program. The President will give Congressional
aders more information shortly. It is intimated that he will ask for
gislation to control wages and to permit broad scale subsidy pay-
nts as a means of taking cost factors out of the inflation play.

Primary receipts were 3,372,000 bu compared with 4,462,000 bu
st week, and 4,603,000 bu last year. The visible supply showed an
crease of slightly over 8 million bu; total stocks in all positions
amount to 205 million bu, which is 28 million bu more than was on
nd a year ago. At Chicago, there was a shrinkage of 171,000 bu.
is leaves nearly 9 million bu of wheat at this market.

While there was some liquidation at times, the market had a fair-
good recovery from the low point of the day, and this was helped also
firmness in corn and in oats. Final prices were 1/2¢ per bu higher
r the September delivery, while the December future advanced 5/8¢.

The yellow cereal was influenced early by crop reports which
optimistic. A good many people who had driven out into the country
r the weekend reported good progress, but the important item is the
vy feeding, and this should finally be a sustaining factor. The
as of July 11 held slightly over 50 million bu of corn.

Farm consumption of oats remains heavy, according to the govern-
t weekly analysis.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO July 21, 1942.

Despite the fact that the Bankhead Bill for 100% loans has been assed by the Senate, a good many people in Washington and in the rain trade believe that the chances for final enactment are quite lim; at least nothing much is expected on the floor of the House efore the end of July. Even if there should be a favorable vote in he House, it is quite likely that the President would veto it. Cer-ainly from an economic or banking point of view, there is nothing ery sound about granting full parity loans to producers, particularly hen they have already been satisfied with the other payments of arious sorts.

It is rather difficult to anticipate what will happen in the arious agricultural countries of the world after the war is over, al-ough possibly for a time there may be an expanded demand, but even hat may not prove sufficient to take care of the tremendous surpluses hich have been built up. In the Argentine, there is already consid-rable concern over the unusual quantities of corn that have accumulated, id where the export demand has practically disappeared. Their system f guaranteed markets and guaranteed prices with no check on produc-ion has been definitely discredited, and Argentina is the last of the ig surplus producers to finish with a system that has been so un-conomic right from the start. They are attempting to discourage ex-ss production of all cereals, and to pursuade growers to go more nto livestock feeding, for which there is a better demand. The ques-on of absorbing monetary losses was never a very worrisome one, ow-ng to the fact that when they were selling wheat abroad any losses hat were borne by the government had bee n largely offset by profits rom the exchange fund, which was a more or less indirect tax upon the onsumers, but with European markets largely cut off, everything is ow completely changed.

Not much is heard about the European foreign demand, which, of ourse, comes largely from Britain. Often the business has been reater than reports would indicate, although Canada has done the bulk it. The United Kingdom Minister of Agriculture looks forward to a rge harvest of winter wheat, and for the time being this may lessen e overseas demand. However, the winter crops are in better shape an the spring cereals, and in some places rain is rather urgently eeded. Reports coming from the Continent suggest a similarity of eather, but these cannot be relied upon as in normal times. Broomhall ints out that Norway in peacetime imports 80% of her bread-grain re-irements but that the German authorities have now forbidden the grow-g of wheat and rye, although nobody knows just what the reasons are cept that the lands are being cultivated with barley and oats. He timates that the intention may be to make Norway entirely dependent Germany for her bread-grain supplies and to threaten her with star-tion if she does not submit to German rule. However, harvesting in rmany and in other parts of the Continent is likely to be poor this ar, and some correspondents from neutral countries fear a food crisis the spring of 1943. Partial relief from drought in the western rtion of the Continent is reported, but yet harvests are bound to be low normal.

Primary receipts amounted to 2,449,000 bu compared with 2,408,000 last week, and 3,468,000 bu last year. Naturally, the permit system various markets will prevent undue congestion. Kansas City and nneapolis stocks so far this week show a net increase of 140,000 bu.

Our market was firm from start to finish, but on the whole trade s light, and it will undoubtedly take time for the artificial factors assert themselves. This, in our opinion, will happen as we gradually t into our reserves. Last prices, were about 5/8¢ per bu higher. uthwest cash premiums improved.

Corn, which has been very steady for many days now, even while eat was declining, was a little reactionary today. It is possible t some profit-taking took place.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO July 22, 1942

There was very little grain news overnight except that Kansas
ity reported that the embargo on free wheat had been lifted in that
arket, and apparently the situation is pretty well under control,
ith receipts running lighter during the period when permits had been
nvoked.

We do not yet have the complete figures as to the carryover re-
erves on July 1st, but it is pretty safe to say that about 640 mil-
ion bu of wheat was carried over from previous crops into the present
ne. This is by far the largest quantity on record. Not only were
erminal facilities taxed, but also the quantity of wheat on the farms
as the largest in history, with close to 160 million bu of wheat re-
orted on hand, which is practically 100 million bu more than the ten-
ear average. Even last year when we had a very large carryover stock,
here was only about 87 million bu of wheat left on farms. In other
ords, we have at the present time about 17% of last year's production
till remaining in the hands of producers, and this is extremely large
hen it is considered that in ordinary times farm reserves are only
bout 17% on March 1st. Thus, it was a foregone conclusion that un-
ess a good deal of grain was to remain on the ground to rot, tremen-
ous steps would have to be taken in order to prevent deterioration.
he government has done a very good job in this respect, and not only
ere many of the iron bins moved from the corn country into wheat sec-
ions, but they also provided storage by way of improvised or prefabri-
ated wooden structures to house about 100 million bu of wheat in the
ountry. Some of these wooden elevators or bins were somewhat late
n arriving, but in recent weeks, the process has been speeded up,
nd as a result it is gradually affording a resting place for the
rain which cannot be accommodated at terminals. With this situation,
here will undoubtedly be tremendous impoundings again during the pres-
nt crop year. The trade appreciates that while free supplies are
mple for all purposes at the moment, we are bound to gradually eat
nto our reserves of free wheat, and thus the artificial situation is
ound to finally assert itself.

We have undoubtedly had unusually good returns on the planted
creage. Compared with 55,831,000 acres harvested last year, there
ill be only approximately 50,570,000 acres of all wheat harvested
uring 1942, or a reduction of about 9.4%. Winter wheat is practi-
ally all gathered at the present time, but the same is not true of
pring wheat, where the harvest is still about three weeks away. Of
ourse, with very hot, dry forcing weather it might come somewhat
ooner. In any event, one must bear in mind that the sowings were
ery much smaller this year than normally. About 14,680,000 acres
ere sown, and this was considerably smaller than the allotment per-
itted by the government owing to the late season and wet fields. The
en-year average amounted to 21,762,000 acres. However, moisture con-
itions have been favorable and the indicated abandonment is only
bout 3.5%, according to the last government report; so we still have
rospects for big yields.

Primary receipts were somewhat smaller at 1,794,000 bu compared
ith 2,443,000 bu last week, and 3,019,000 bu last year. Kansas City
nd Minneapolis stocks so far this week show a net increase of
54,000 bu.

While anti-inflation talk has been current for some time, legis-
ative leaders today decided on a further canvass of the administra-
ion's power to cope with the threat of runaway inflation before ask-
ng Congress for anything further. This gave some encouragement to
perators who leaned to the bull side of the market, and wheat prices
ere fairly strong, closing 7/8¢ a bu higher. Red wheat sold in this
arket at 3¢ over.

On the other hand, corn was rather indifferent, and while hog
rices were a shade lower, they are still at extremely good levels,
nd feeding operations remain attractive. Crop news is rather spotted,
lthough weather during the past week has been favorable, and the out-
ook seems to be better than average. In Iowa, temperatures have been
avorable, although in the extreme west, temperature readings of 100
egrees may have started a little damage.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO July 23, 1942.

There was practically no grain news of importance overnight. It is true that President Roosevelt signed the Appropriations Bill providing for more than $800 million to be spent by the Agricultural Department during the current fiscal year, but this had all been pretty much expected and had no market influence. As a matter of fact, everyone knew even during the period of debate that the funds would be forthcoming, so that farmers could receive benefit payments of various sorts; otherwise, the entire agricultural program would have collapsed. It is quite obvious that high prices and small acreages are a contradiction, and this could be maintained only through the government payments that are granted, and, therefore, it was an assured fact that even in wartime, with other large expenditures, this money would be appropriated. The other part of the bill, which authorized the sale of 125 million bu of CCC wheat for livestock feed and industrial uses at below parity prices, has not had any material market effect yet, and it remains a question as to whether the extra amounts of wheat that will be fed this year will be material.

The trade seems to have pretty well in mind that the one very bullish factor may take time to materialize. This relates to the impounded wheat situation, and while very large quantities are going into the loan every day, it may take a considerable length of time before we consume sufficient quantities of free wheat to really make this program felt. It is, therefore, quite possible that during the intermediate period there will be market recessions, and this very thing occurred today, despite the fact that hedging pressure was extremely light. Milling demand, which a week or so ago had been keyed up by news from Washington, has again dropped to indifferent proportions, but at the same time our domestic consumption is constant, and after a certain lag, we feel sure that there will again be improvement.

Crop news continues generally favorable, and while not much attention is directed toward Canadian conditions, this should also be a factor in the final analysis, because Canada will some day be our greatest competitor in the export field whenever we find out that the best way to rid ourselves of surpluses is through foreign channels. Generally speaking, the favorable crop prospects that were reported in Canada at the end of June have been well maintained. The crop this year is very heavy, and heads that are forming or that have just formed will draw heavily on moisture reserves for filling. However, the reserves are there in most areas, and good warm weather with occasional showers would be welcome during the next two weeks. The last unofficial reports indicated that the Canadian yield might exceed 400 million bu, and with domestic consumption probably not over 125 million during the coming season, it would allow more than ample for all European requirements, as long as the war continues.

Not much progress is being made on anti-inflation measures, and some fear that this will be held in abeyance until after elections. Any attempt to stabilize wages would meet with great opposition, and we are more inclined to think that in this process a "few wrists will be spanked," but that other punishment will not be severe. Thus, there is no certainty that rising living costs will be halted unless action is taken at the source.

Primary receipts were just over 2 million bu compared with 2,292,000 bu last week, and 2,673,000 bu a year ago. Kansas City and Minneapolis stocks so far this week show a net increase of 780,000 bu.

With the stock market somewhat lower, and no urgency on part of operators to take on new engagements, our market was extremely uninteresting and dull. However, the open interest continues to expand, and is now 46 1/2 million bu compared to about 31 million bu at the low point. A year ago at the peak, it went up to 59 million bu, and may do the same this year when spring wheat hedges come into the market. Last prices were about 3/4¢ per bu lower.

Corn held fairly well considering the lower wheat prices, but the corn-hog ratio is still satisfactory, being 16.4 versus 16.5 last week, and 14.9 a year ago.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

July 24, 1942.

There was very little grain news overnight. The government nnounced that CCC holdings of corn would not be offered for sale ntil further notice, but this practice has been followed on several ccasions until the various federal agencies had time to take stock of heir inventory, although now, of course, with total holdings down o about 50 million bu, it is probably more necessary to appraise the arious grades of corn that are on hand, as well as the location of ame. There might also be another answer to the temporary suspension; amely, that with the President having affixed his signature to the ew Appropriations Bill, the CCC is permitted to sell up to 125 mil-ion bu of wheat for feeding purposes at sub-parity prices. Possi-ly they are more anxious for the moment to get wheat into consump-ion than corn. We may know more about this at a later date.

In the meantime, routine statistics are not furnishing much urprise, and while the milling demand at the moment is rather in-ifferent, we assume that prospective utilization during the current eason will amount to about 670 million bu. Therefore, it does not atter so much whether the immediate flour demand is good or poor, xcept that a larger business at the start might hasten the time when he supplies of free wheat would be reduced to smaller proportions. n the first two weeks of the crop season, we shipped only 850,000 bu f wheat and flour, and can, therefore, look forward to another year f small business, unless the war should end, or unless heavier lend-ease shipments to Russia might be arranged.

In less than two weeks Canada closes her crop-year, and will robably take pride in the fact that a smaller carryover is in sight han a year ago. Total stocks of wheat in all visible positions mount to 404 million bu vs. 461 million bu in 1941, or a reduction f about 57 million bu. The outlook for the coming crop remains good, nd while there may have been some toll owing to high winds, lodging, tc., yet present indications are for a large grain crop. hen comes the question of storage, which has been so important to ll surplus countries during the period of comparatively small exports. ith a total capacity in that country of some 600 million bu, of which ore than half consists of country elevator space, there is approxi-ately 62% of it filled at this time. However, as Sanford Evans oints out, the working capacity is always smaller than the total ross capacity, and would probably amount to somewhere between 80 and 0%. In other words, there has to be working room to take care of he various grades of grain. During the 1940-41 season, when the isible reached 516 million bu, everything seemed to be crowded, and, herefore, there may be a problem in getting the grain all properly oused, as time goes on.

In the Argentine, owing to dry weather, there is likely to be n acreage reduction of about 15%, making it one of the smallest creages in recent years. Even that will not be very serious, as the xportable surplus of wheat at present is estimated by Broomhall at 38 million bu compared with 140 million bu a year ago.

Primary receipts were 2 million bu compared with 2,569,000 bu ast week, and 3,463,000 bu last year. Kansas City and Minneapolis tocks so far this week show a net increase of 966,000 bu. When the isible supply is posted on Monday, it will undoubtedly show a smaller ncrease than a year ago, when it amounted to 12,827,000 bu.

Our market was reactionary right from the start on a report rom Washington that House consideration of the 100% parity loan had een shelved until September. Outside markets were also weak, and his created a little bearish sentiment, despite the fact that #2 red heat in this market sold at 6 1/2¢ over September. Of course, the eason for this is that so much of the red wheat from the last crop is nder the loan, while some of the soft winter wheat states raised only bout half a crop. Last prices were about 3/4¢ per bu lower.

Cornwas firm early, but finally yielded ground, although the ecline was not important.

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CHICAGO

July 27, 1942.

From a statistical point of view the wheat situation is not improving with the passing of time. Weather conditions have been unusually favorable both in Canada and the United States, and as a result yields per acre are considerably higher than had been expected some months ago. Of course, it will be several weeks yet before the Canadian crop is assured, but at the moment it presents a most satisfactory picture. Despite the reduction of acreage many people believe that the final return will be in excess of 400 million bu, and thus with even some reduction in the carryover reserve it is quite likely that the storage problem will a lso arise in Canada. Therefore, it is almost a certainty that farmers will have to provide greater accommodation on their own farms after the next harvest.

We gave some figures in a recent letter estimating the remaining surplus in the Argentine, but these were a little lower than the official figures which have been given to the trade today. As of July 25th, 1942, there is 197 million bu of wheat available for export or next carryover, and this is a tremendous quantity of grain considering that the foreign outlet has been greatly reduced. The Argentine government is apparently finding insufficient shipping facilities to carry on a larger business and there is no likelihood that the situation will improve much in the near future. A year ago at this date the surplus was 114 million bu, while two years ago it had been reduced to only 31 million bu.

In corn there is also a great storage problem on hand as the present Argentine surplus in that commodity amounts to 415 million bu compared to 339 million bu last year and 287 million bu two years ago. Whether some of this grain will finally rot on the ground or whether the new plan to feed larger quantities to livestock will aid materially in the program remains to be seen. In any case, it demonstrates that the surplus countries are piling up larger accumulations all the time and these matters have all been fully discussed at the recent international conference that took place in Washington. An agreement has tentatively been reached between the United States, Canada, Argentina, and Australia, the four largest wheat exporting countries, together with Great Britain, the largest single importer of wheat, and it is hoped that an international committee may be set up to control world production, also exports and distribution so that after the war 100 million bu of wheat shall be set aside for the relief of the people of the war ravaged countries. It is also hoped that during the reconstruction period distribution of wheat to various countries shall be in accordance with the plans of the committee which will decide to which countries wheat shall be sent and also which countries shall supply it. Also during the post-war period the committee shall control the production of exports and distribution and will go so far as to attempt price regulation, alloting to each exporting country the maximum amount that it can hold as a surplus. Never before has any such plan worked out to the satisfaction of the various competitive countries and for that reason we are not too hopeful that the program now contemplated will meet with any better results.

Primary receipts were 2,862,000 bu compared with 3,372,000 bu last week, and 3,744,000 bu last year. The visible supply increased 6,815,000 bu, with total stocks in all positions more than 211 million bu. This is 22 million bu greater than in 1941. At Chicago there was an increase of 3/4 million bu making the total here 9 3/4 million bu.

Trade was indifferent; there was nothing further on legislative news from Washington, and final prices were about 3/4¢ per bu lower.

Corn seemed to be more or less neglected and eased fractionally, without much feature.

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CHICAGO July 28, 1942.

Each day brings us a little closer to the spring wheat harvest and from what our friends in the northwest tell us, local showers last week covered a wide territory and the temperatures were not unduly high so that, generally speaking, the outlook for the crop was fully maintained. It is very fortunate, indeed, that so much rust-resistant seed was sown otherwise the menace from such infection might be very severe this year owing to the fact that there is a great deal of rust prevalent in flax. As a matter of fact, flax rust is causing very heavy damage as far North as North Dakota where some fields have actually been plowed under.

So far as we can learn the wheat plant has escaped injury, and according to the government mid-monthly report the indications are for a crop some 13 1/2 million bu greater than was estimated on July 1st. Therefore, wheat in all positions promises to yield about 917 million bu, and considering the small acreage that was planted this is a very fine record.

We do not yet have all the data necessary to compute the carry-over reserve. A few days ago Washington furnished us with the estimates of wheat in interior mills and elevators amounting to nearly 142 million bu, and this quantity of grain together with the visible supply and the amount on the farms totals 525 million bu, but there must be close to 125 million bu in the hands of merchant mills but we shall not know that for another few weeks.

A great deal of comment centers around the small supply of red wheat. First of all, those states which generally raise this type of grain in abundance had suffered from adverse weather last fall and the full acreage could not be planted. Therefore, we have raised only about half a crop in many sections of the belt. Furthermore, there is only 31 million bu of red wheat in country elevators and on the farms from previous crops, so that altogether a rather tight situation has developed and might continue unless the CCC would release some of the impounded holdings for the free trade. Even in normal years, when we do not suffer from artificial stimuli, the balance is extremely delicate and for that reason the variance between good prices and poor prices is a big factor from one year to the next. There have been times when a little too much red wheat caused it to be a drug on the market, while in other years with a slight shortage it sold at a premium of 20 to 30¢ over the future.

It is almost unpredictable to state the course of future events under existing conditions until we know whether the government will sell from its own stocks the red wheat which is now tied up under the loan. But apparently some users of this particular grain have become sufficiently worried to pay the premium of 9 1/4¢ per bu over September in order to insure their future requirements. This situation has causd some hedgers to go into the distant futures on the theory that there will not be any deliveries of red wheat in September or December. On the other hand, with Minneapolis at practically a shipping difference under Chicago, there is every reason to believe that we may be a spring wheat market this year, as has been the case so often in the past. Therefore, we do not see any reason to worry much on that score, while there is still so much free wheat available, and it would not surprise us at all if the carrying charge spreads would again widen. Primary receipts today amounted to 2,035,000 bu compared with 2,449,000 bu last week, and 3,105,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 30,000 bu.

The one discouraging factor in wheat is the lack of interest flour buying. Normally, this is the time of the year when heavy ales take place. It must be that the artificial surroundings keep even his type of trade on the side lines. This, together with lack of eadership in speculative lines seems to more than offset light hedging ressure. Final prices showed a decline of 1 1/8¢ per bu for the eptember wheat, while the December future declined 1 1/4¢.

Corn has held reasonably well even with the weakness in hogs, ut, of course, the feeding ratio still remains extremely good. It ay take time, however, before the fundamental situation comes to the oreground, particularly at a time when speculation is at low ebb.

There was liquidation in oats. This cereal has a good feeding alue, and it is not likely that receipts at terminals will be burdenome. Therefore, feel that purchases on breaks are in order.

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CHICAGO July 29, 1942.

The grain trade is dealing in figures this year which have never before been seen in history. On the assumption that both the spring wheat crop in this country and the one in Canada will come up to present expectations, and also allowing for the tremendous reserve stocks in the two countries we shall probably have surpluses in North America of about 1 1/2 billion bu after deducting the quantities needed for home usage. This is about three times as much wheat as the annual import requirements of the world during the years just prior to the outbreak of hostilities. If we furthermore take into consideration the reserves held in the southern hemisphere countries together with the crops which will be gathered there at the close of the calendar year, it would be a safe guess to say that the four major exporting countries in the latter half of 1942-3 will have a surplus of more than 1600 million bu which in itself is difficult to visualize, but such a quantity of wheat would equal the pre-war production of Europe, outside of Russia. It is therefore not very encouraging when at the Washington wheat conference provision has only been made for the possible shipment of 100 million bushels of wheat gratis to the war-ridden countries. In other words, this would scarcely scratch the surface and it will, indeed, take a very extraordinary demand to get our supplies down to anywhere near normal proportions. Therefore the question of storage will continue to face all surplus countries and for that reason it is quite apparent that we are just beginning to feel fully the effects of the artificial stimuli that had been adopted by the various surplus nations in an effort to obtain suitable prices for the farmer.

At home, we are not yet fully feeling the effect of the loan program since there was at least 200 million bu of free wheat carried over from previous crops and this is roughly about 2/5 of what is needed for human consumption in this country. In addition to the carryover a fair amount of wheat was marketed from the 1942 crop owing to the fact that prices were on a higher level than in many years during harvest time and farmers apparently were afraid that if they waited too long they might not be able to secure adequate storage accommodations. Thus it may still take time before any material tightness will be noticeable.

We have recently called attention to the amount of red wheat that is contained in stocks of wheat in interior mills combined with those stocks on farms. This figure of 31 million bu compares with 19 million bu a year ago, 15 3/4 million bu two years ago, and less than 20 million bu three years ago. However, there must be a greater percentage this year tied up under the loan since an artificial scarcity already exists during the first month of the new crop season. Furthermore, the movement of new red wheat from the farms has been very small and those mills which depend upon this particular type of grain for their milling trade are having difficulty in buying adequate supplies, and it has, therefore, been suggested that the government might ease the situation although there is no assurance yet that it will be done.

Rains in the Northwest have caused some slight delay in harvesting operations where the crop was sufficiently far advanced, but n other places moisture was helpful. Little attention was paid to Secretary Wickard's speech in which he stressed the record-breaking hog population, also the largest number of cattle in history, and the arge feeding possibilities, urging farmers to help in the program toward disposing of 125 million bu of wheat for feeding purposes. As a matter of fact, wheat prices today went into new low ground for the season, and it seems that lack of milling demand, together with antinflation talk, has discouraged traders, even though many of them hold he opinion that later on better prices will prevail.

Primary receipts were smaller, at 1,515,000 bu compared with ,794,000 bu last week, and 2,308,000 bu last year. Kansas City and Minneapolis stocks so far this weekshow a total increase of 56,000 bu.

Toward the last there was a slightly better feeling in all pits. orn and oats are holding well, being influenced by the government eeding program, and this lent some encouragement, but it seems that he outside public is not participating now in these markets, and for hat reason volume of trade is rather small. On the other hand, here are no big hedges being placed, but with the open interest early 50 million bu now, apparently more hedges are being carried here han in some time. Final prices were about 1/4¢ per bu higher.

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CHICAGO

July 30, 1942.

There was very little grain news overnight except for an announcement that the government would release 9 1/2 million bu of red wheat in exchange for other grades. It is not yet exactly clear how this transaction will be handled but apparently the purpose is to relieve the tight situation which exists in red wheat owing to the small crops that were raised this year in Illinois and in Missouri. First quotations were somewhat lower, and of course there are still many people who because of habit or early training cannot forget the statistical situation surrounding the market, and probably never in history has it been more bearish than at present. However, our experience during the years of an artificially high loan has demonstrated rather conclusively that a fair amount of tightness finally develops after harvesting operations have been completed. The secondary conseuqneces, of course, are extremely serious and nobody can tell how long these operations may continue without glutting the entire storage capacity of the country and without our carryover reserve increasing each successive year.

Not much is heard these days of developments in the southern hemisphere. Argentine shipments continue rather small and that country does not wish to convoy its own ships , viewing such action as almost an act of war. Clearances of wheat last week were about 1 3/4 million bu, but in oats and in corn the shipments were almost negligible, and thus storage is also a great problem in that country. A little wheat business has been accomplished recently with Spain on a barter arrangement although the whole quantity is less than 4 million bu, and therefore, a rather minor consideration. Shipments from Australia are still closely censored, and other information is not too plentiful although it is known that four distilleries are being built for the manufacture of alcohol from wheat. When these plants are finished, they will produce annually 12 million gallons of alcohol from an estimated consumption of about 5 million bu of wheat.

The open interest in wheat is above the 50 million bu mark for the first time in months. Considering that we have a visible supply in excess of 200 million bu, this is rather discouraging, but indicative of the fact that heavy hedging operations are not taking place owing to the large number of loans existing. However, the total open interest in all grains amounts to 142 million bu compared with 108 million last year, 125 million bu two years ago, 149 million three years ago, and 154 million bu in 1938. All of these figures are for the corresponding date and this year's comparison is not a bad one with those other years except that the turnover is so small, and of course, the volume is necessarily impaired by the many uncertainties that have arisen in legislative matters.

Primary receipts amounted to 1,746,000 bu compared with 2,053,000 bu last week, and 2 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 309,000 bu. Northwest prospects are being pretty well maintained, and according to the Van Dusen report, unlike many past years when heat, drought, and insect damage occurred, the present season has been almost entirely free from these hazards. As a matter of fact , the mid-monthly crop production report for North Dakota showed an 8 million bu increase during the fifteen-day period. While our market was fairly firm at times, the absence of speculative support was very noticeable and even though hedging pressure was extremely light last prices showed a decline of about 7/8¢ per bu.

Corn held reasonably well considering the weakness in the leading cereal. Crop prospects are quite good, at least for average production, and by the 10th of August very little can happen to influence conditions one way or the other except possibly an early frost. The corn-hog ratio is still extremely attractive now being reported by the government at 16.6, which is a slight increase during the week as compared with 14.9 a year ago.

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CHICAGO July 31, 1942.

As the wheat harvest moves northward, more attention is being focused on our northwest. The government, in its last semi-monthly report, indicated a prospective increase in production for that section of 13 million bu more than their previous report. Practically all the news continues favorable and points to the fact that the spring wheat crop as a whole is making satisfactory progress. One hears of some complaints of damage to barley and flax from rust and blight but very little on wheat, and there are some people who believe that when the August 1st government report is issued, it will show a still further increase in production.

Reports from Canada also continue in a very optimistic strain. The prospects point to one of the heaviest grain yields in the prairie provinces in many years. One of our very good friends, who has recently returned from a trip to Canada and covered the northern part of the Red River Valley, states that a large crop of all grains was in sight with the possible exception of flax and some damage to barley. Rainfall has been very ample, and in fact, dryer weather would be welcome. All in all, everything points to a tremendous supply of wheat in the North American continent.

Scattering reports from the European continent are not of the ptimistic type. Broomhall, in a recent message, states that in umania the outturn of both wheat and corn will fall below the pre-iminary estimates of last year. The wheat crop is small, and as a re-ult, it was necessary a few weeks ago for the curtailment of the con-umption of wheat by the use of substitutes. Hungary is expected to ave a moderate surplus, although the quantity will probably not be up o earlier expectations. If the North Caucasus is lost by Russia, it ill no doubt be a serious handicap to that country as that section of ussia has been second only to the Ukraine as a food producer for the oviet nation. In the past it has accounted for about one-quarter of ussia's winter wheat acreage, and has been a good producer of hogs, heep, and vegetables.

The Bureau of Agriculture Economics of the Department of Agri-ulture point out in their July issue that a smaller supply of feed rains for animals is inprospect in this country. While much will de-end on weather conditions within the next few months, they point out hat the present indications for the combined supplies of the four rinciple feed grains will be about 3 million tons below last year. On he other hand, it appears that the number of grain-consuming animal nits on farms may be about 10% larger on January 1, 1943 than at the ame period in 1942. They conclude that total supplies of all feed rains, including the prospective increase in the quantity of feed wheat, ay be just about adequate for the 1942-43 requirements, reducing the arryover of corn to about 200 million bu on October 1, 1943. This ould be in contrast to the past few years, when large stocks of feed rains were carried over.

Primary receipts totaled 1,615,000 bu compared with 2 million bu ast week, and 2,441,000 bu last year same day. Kansas City and inneapolis stocks so far this week show a net increase of 351,000 bu.. his would indicate an increase in the visible supply on Monday, but ot in comparison to last year, whenthe supplywas enhanced by 12,604,000 ushels.

There was a carry-over bearish feeling from yesterday, and cattered commission house selling, combined with a little hedging pressure, found very poor support. With the movement of spring wheat very close at hand, the market undoubtedly will be called upon to absorb further hedges. However, the factor determining the final price level will be the amount of free wheat available, and it would appear that fter the movement has passed its peak, it will probably take a higher level of prices to attract further quantities of free wheat onto the market. At the close wheat prices showed a decline of 5/8¢ per bu for the September future, and 1¢ per bu for the December.

The CCC announced that it was offering its corn held in country elevators and steel bins located at country points at 7¢ a bu over the 941 loan value. However, offerings are limited to feeders. This is about a 3¢ advance, and no corn is being offered out of terminal markets. Corn also suffered from liquidation, and some caution may have to be exercized when September liquidation really sets in.

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CHICAGO MERCANTILE EX.

August 3, 1942

In the present era of artificial agricultural loans most of the
d yardsticks which used to enable a trader to form judgments and
lues have to be discarded. Formerly one well-versed in wheat statis-
cs could study the supply and demand situation and draw fairly ac-
rate conclusions as to price trends, but this is no longer the case.
ocks on hand on July 1st in the four major exporting countries, Ar-
ntina, Australia, Canada and the UnitedStates are estimated the larg-
t on record, about 1,450 million bushels and an increase of 265 mil-
on bushels from the previous record set last year. The prospects in
e four countries are for a slightly larger crop this year than last.
the United States the carryover is now estimated around 620 million
s, while according to the government report as of July 1st a total
op of 904 million is indicated, giving this country total supplies of
524 million. If domestic disappearance in the 1942-43 season should
proximate 725 million, we would then enter the 1943-44 crop year with
carryover of around 800 million bus again adding about 150 million to
e already cumbersome supply. Formerly from the standpoint of price
ructure, this would not represent a very encouraging picture, but at
ast until secondary consequences are felt, the dominant factor will
t be total supplies on hand, but rather the amount of free wheat avail-
le. Of the carryover on July 1st of this year, about 65% was either
ld by the CCC or still under loan by the growers, leaving the free
pply somewhere around 200 to 220 million bus. This compares with the
n year carryover in the United States of 230 million bus. The situa-
on facing the trade within the next 3 or 4 weeks will be the movement
the spring wheat crop. Prospects, as a whole, are being well main-
ined and although prices are well below the loan value in Minneapolis,
orage facilities may present more of an acute problem than was en-
untered in the winter wheat section. As to whether or not the govern-
nt agencies can provide sufficient temporary fabricated storage to
lieve the pressure remains to be seen. On the other side of the bal-
ce sheet, after the first run is taken care of, it appears that prices
ll have to advance to attract further free wheat to the market. Fur-
ermore, in spite of anti-inflationary moves, the farm bloc still seems
be bent on raising the ceiling levels on farm prices and this may
me to a head within the next 60 to 90 days. While it seems doubtful
at the 100% parity loan would receive the President's sanction, there
pears to be a determined effort to revise the basis of figuring parity,
ich, if consummated, would favor higher farm prices.

The Searle Grain Co. has just issued a rather optimistic picture
Canadian crops. They estimate the wheat yield for the three Prairie
ovinces at approximately 554 million bu. The effect of favorable
ather has also been reflected in many of the other cereals. They pre-
ct an oats crop of about 478 million bu, with a yield of almost 51 1/2
shels to the acre. Barley, they place at about 248 million bu.

Primary receipts today totaled 2,231,000 bu compared with
862,000 bu last week, and 2,740,000 bu last year. The wheat visible
pply was enhanced by 3,349,000 bu, which was small compared to last
ar's increase of 12,604,000 bu. The total visible now stands at
5,175,000 bu or 12,918,000 bu larger than the same period in 1941.
icago stocks increased 658,000 bu, and now total 10,378,000 bu.

The grain market was a rather choppy affair; during the early
rt of the session we responded to the weakness in Minneapolis, but
ter when some short covering set in the market was found rather bare
f offerings, and at the close both September and December wheat show-
an advance of 1/4¢.

There has been some spring wheat worked to Chicago, and some
ink it is for the purpose of delivery. #1 dark northern is being
fered at 1¢ under Chicago September, and #1 northern at 2¢ under.

Corn weather as a whole remains favorable, although complaints
e received from southern Illinois. During the early part of the ses-
on corn suffered from further September liquidation but later recover-
much of the loss; the open interest in that future on Saturday still
ood at 38 1/2 million bu.

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CHICAGO MERCANTILE EX.

August 4, 1942

We can hardly remember when the moisture situation was as satisfactory over all of North America as during the past season, and as a result the condition of wheat has run very high both in this country and in Canada to such an extent that the latter country will probably mark a record for the yield per acre. It is, therefore, a question as to whether storage space will prove sufficient, at least during the ear, to take care of supplies including the carryover stock unless, of ourse, farmers will cooperate fully during the period of emergency. Once or twice before has Canada raised a 1/2 billion bushel wheat crop but never on 21 1/2 million acres for the Prairies. In 1915 the average yield amounted to about 24 bus to the acre, but the ten year average even on virgin soil amounted to only 13.2 bushels per acre, and nder present prospects there will be 700 million bus or more available for export and reserve.

In our own northwest it now appears likely that we shall raise a spring wheat crop of about 245 million bus. Two of the experts reporting so far have given us this approximation, and while it is a somewhat smaller crop than was raised a year ago, it shows an improvement over the government figure on July 1st and this is quite natural owing to satisfactory weather conditions that have ruled. Under the conditions that we have just cited it may take somewhat longer for the artificial onditions to assert themselves, and of course we shall have to eat somewhat into these tremendous surpluses before any possible tightness ould be felt. This is particularly true as a larger percentage of wheat has been sold in the southwest and the same will probably occur also in spring wheat areas because of the lack of storage space, and the farmers themselves did not anticipate that they would have trouble in getting warehouse tickets to obtain loans as never before have the available supplies been so tremendous. At the present time Minneapolis futures are selling at about 7 3/4¢ discount under Chicago and for that reason we anticipate that our market shall be a spring wheat market during the coming season. A good many millers will send their supplies directly from the northwest to Buffalo as this would be the cheapest method of handling. Therefore we doubt whether stocks will be drawn upon heavily here in Chicago so long as Minneapolis remains at a large discount under us. One might also conclude that with the loan price the same in the northwest as it is here that the spring wheat farmers would find even a greater incentive to take advantage of the loan if physical facilities permit. Therefore, the impoundings are bound to be heavy, and in the final analysis this should not be overlooked despite the very bearish statistics that prevail at a time when the export outlet is almost lacking.

When September wheat yesterday established the season's low at $1.15 1/2 this was 16 1/2¢ beneath the present Chicago loan level of $1.32. In this respect, however, the pattern does not differ much from other years since the loan has been in operation.

Last year September wheat sold as low as .98 3/4 on June 6th with a loan price of $1.15, or in other words a discount of 16 1/4¢.

In 1940, September wheat sold at 14 1/8¢ under the government loan price on August 11, and at that time the loan was 81¢ per bu.

1939, the season's low was established on July 24th, when wheat sold at 60 3/8¢, or a discount of 19 5/8¢ under the 80¢ loan.

In 1938, the season's low was made on September 7th, at 59 5/8¢, or a discount of 17 3/8¢ under the 77¢ loan.

Apparently in all these years there was sufficient free wheat at the tart, but later on a certain amount of tightness developed as a result of those artificial operations.

Primary receipts today were 1,743,000 bu compared with 2,035,000 in last week, and 1,783,000 bu last year. Kansas City and Minneapolis tocks so far this week show a net increase of 12,000 bu.

The recovery which started yesterday carried a little further in oday's trading, although volume was of small proportions, but there eemed to be a little better investment buying, so that final prices ere about 3/4¢ per bu higher.

Corn was up fractionally; favorable weather during the month has dded to the yield, and we now have a crop prospect for about 2,700 illion bu, or roughly 400 million bu more than the ten-year average 930-39.

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August 5, 1942

There was very little grain news overnight, but reports from Russia were rather discouraging, and it seems that temporary reversals are affecting the judgment of a good many people with the result that there was some pessimism reflected in the stock market and this may have carried over into grains also. The fact of the matter is that wheat statistics are so bearish that it is not easy for the average person to banish them from his mind as history has definitely proven that artificial stimuli of one kind or another when practiced finally had to be abandoned, and nobody can be entirely certain that evan a country like our own, resourceful as it is, can forever accumulate surpluses without reaching the breaking point. Through the payment of benefits it has been comparatively easy to control acreage, but the indicated crop for 1942 is the seventh largest on record with yields per seeded acre sharply above average, and thus it is evident that through more intensive cultivation and proper moisture we have largely offset the great reduction in acreage.

The trade remains timid until after the spring wheat movement has passed its peak, and this is not at all surprising as in recent years low prices were frequently reached in August as the result of pressure from new crop sales and some hedging, and we have seen in the past few weeks that open interest has risen indicating that hedge sales have come into this market. It is likely that this will continue as probably not sufficient storage was provided in spring wheat areas to take care of another big crop, and for that reason there may be a larger percentage of wheat sold than otherwise. Nobody can be sure whether farmers will build improvised storage aggresively after their crops have been harvested or whether they will take the chance of piling their wheat on the ground, but it is almost a foregone conclusion that there will be a number of disappointed producers who will not find all the storage room that they desire in order to avail themselves of the government loan, at least to the full extent of their wishes. Looking at the other side of the picture, the average national loan rate to farmers for their 1942 wheat is $1.14 per bushel. This is naturally a tremendous incentive, particularly when we review the past few years and find that in 1938-39, when the program first started, the loans averaged only 53¢ but ever since that time they have been gradually increased.

Flour sales were reported a shade better today, but according to the northwestern miller business during the past week was rather dull, and southwestern mills sold only 27% of their capacity, compared with 65% the previous week and 49% a year ago. In the spring wheat area last week's sales were slightly better, amounting to 54% of capacity versus 53% the previous week, and 120% in 1941. The fact that wheat futures recently went into new low ground for the season and the other political uncertainties have prevented consumers from becoming very eager. As a result buying is more or less from hand to mouth, whereas ordinarily at this season of the year great activity takes place.

Primary receipts were smaller at 1,302,000 bu compared with 1,515,000 bu last week, and 1,449,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 73,000 bu.

Our markets were rather indifferent from start to finish. Rumors that wheat sales for feeding purposes would soon start, caused some liquidation of long lines in both corn and wheat, although no definite plans were announced, nor was the price given out. At the last, wheat showed a decline of 1/2 to 1¢ per bu.

Corn weather has been almost perfect during the past few weeks, and very glowing reports come to us from Iowa. Bookings are extremely moderate, while today's sales from Chicago were quite heavy. However, the uncertainty is preventing much bullish enthusiasm.

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CHICAGO MERCANTILE EX.

August 6, 1942

The international wheat plan, which came into operation late in June, represents an attempt sponsored by the government of the four principal exporting countries and of the chief importing country to solve the problem of inordinate price fluctuations for wheat. It is interesting to read the comments on this plan in The London Economist since after all no such plan would be workable or feasible, or even justified, if the consumer is likely to be sacrificed to the interests of producers. The British journal points out that if it is the intent of the plan to obtain remunerative prices for all producers regardless of their costs, it would indeed be a disastrous proposal and in fact an attempt to hold world consumers to ransom. They insist that marginal producers cannot expect a guaranteed income at the expense of consumers regardless of efficiency. On the other hand, low cost producers cannot expect to live in clover by international agreement and guarantee, upon the difference between the price at which they could sell wheat remuneratively and the much higher price at which the high cost producers must sell to make both ends meet.

While the war lasts all of the countries holding surpluses naturally have their problem, and Secretary Wickard has made an appeal to American farmers to reduce next season's acreage beyond the 55 million acres that has been alloted under the present law. His goal is 40 million acres, with a diversion of wheat lands into other crops, promising the farmers that if they comply they shall be fully rewarded as the government will protect market prices for other commodities such as soy beans, flax, and other oil-bearing and feed crops. He calls attention to the fact that the wheat carryover of 630 million bushels which we had on July 1st of this year might grow to 848 million bushels one year hence, although in these calculations he probably does not fully take into account the additional quantities of wheat which may be fed under the recent feeding program sponsored by Congress. The Secretary insists that heavy wheat exports cannot be anticipated in the immediate future even with a more favorable turn of the war. However, he overlooks the fact that Canada, during the past year, has placed about 200 million bushels of wheat afloat having kept her prices at reasonable levels, whereas the difficulty in this country is that high prices and good exports are a contradiction, and it is mainly the artificial level of values that prevents the foreign business, at least to countries like Britain as that nation is getting practically her entire supply from Canada.

Primary receipts were 1,326,000 bu compared with 1,740,000 bu last week, and 1,654,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of only 7,000 bu. A few cars of new wheat are reported in at Minneapolis; this grain is originating at North Dakota, but it will probably take a few weeks yet before the movement gets fully under way.

In the meantime, there seems to be a better sentiment, and the storage situation in the Southwest is clearing up, at least to the extent that no grain is piling on the ground, and if anything actual demand for the wheat is slightly improved. In Canada, prospects are still good to excellent, but there seems to be a little apprehension about the lateness of the harvest, and this is always a factor in order to get the grain in before the advent of snow and ice. The visible supply in that country is enormous at 410 million bu before a bushel of new crop wheat has been harvested, and apparently farmers will have to keep a fair amount of grain back in the country where it was raised, especially if the new crop finally turns out as well as is now expected.

Lack of offerings rather than any particular buying power was responsible for the late rally in wheat. A good many people have confidence that we shall see better prices later on due to the artificial situation, and as a result the open interest keeps expanding, with 51 1/4 million bu contracts reported for the various wheat delivery months. Last year at the peak the open interest rose to 59 1/2 million bu - that occurred on October 9, 1941, and we would not be surprised to see more contracts entered into during the period of Northwest hedging. Final prices were 7/8¢ per bushel higher for the September future, while the December wheat advanced 1¢ per bushel.

Corn was reasonably weak early today, due to the fear of the government wheat feeding program, but a fairly nice recovery took place later in sympathy with wheat. The corn/hog ratio is still very attractive, and is 16.2 compared with 14.5 last year.

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CHICAGO

August 7, 1942.

It has often been stated in the grain trade that if a person were in Australia and merely received the weather and moisture reports from North America that a fair estimate might be made of possible production. This has certainly proven to be correct during the current season when rains fell with intermittent regularity, with soil and moisture conditions almost perfect, following a good winter when moisture reserves could be accumulated. We are now told that with about 10 million acres having been harvested in Kansas that the production for that state will amount to about 195 million bu. This is according to the Robinson report. The acreage included volunteer stands, much of which made very unusual yields. Then we also have to take into account the Canadian situation where acreage was also drastically cut, and according to the Winnipeg Free Press estimate the prairie provinces will harvest about 550 million bu of wheat this year, which is almost twice as much as the previous season. In ordinary times reports like these would be rather depressing upon grain values, but with a minimum price established by the Dominion government at Ottawa there was hardly any effect in the Winnipeg market due to the very optimistic report. The same is more or less true here as everyone is fully cognizant of the fact that we are not trading entirely on supply and demand conditions but rather upon the amount of free wheat which is available, and indications still point to very heavy impoundings.

Storage of every conceivable sort has been utilized this year by farmers who wanted to avail themselves of the loan, even to the extent, in some instances, as to move out of livingrooms so that wheat could be piled in. The government has also shipped many wooden bins to the large producing areas, and those which were not sold to producers will very likely be filled with CCC wheat from the 1941 crop. In addition to this, the steel bins which were originally intended for corn storage were moved into the wheat sections and many of them have been utilized to fairly good advantage. Thus there is not much pressure inthe southwest with only a month having passed since the new crop year started; this in spite of the fact that our exports are almost negligible and in four weeks we have shipped only a little more than 1 million bu, including flour.

Other exporting countries are also burdened with surpluses, and according to Broomhall there is still 183 million bu of wheat left in the Argentine although the prospects for the next crop are not particularly bright. Shipments two weeks ago were somewhat heavier amounting to a little over 2 1/2 million bu, but this was mostly for Brazilian and Spanish account. The past week clearances have fallen to about 1 1/2 million bu of which 731,000 bu was destined for the U.K. Exports of corn are extremely light. There are still 428 million bu available for surplus and nobody can tell how that country will deal with its problem of feedstuffs since home requirements are comparatively small.

Primary receipts were a shade better at 1,483,000 bu compared with 1,615,000 bu last week, and 1,620,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 35,000 bu. There is apt to be a moderate increase in the visible supply on Monday, but it should be smaller than the 8 1/4 million bu increase which took place a year ago.

Trade was again extremely dull, probably much the same as yesterday when only about 7 million bu of wheat was transacted in the pit for all three futures. Last prices were about 1/8¢ per bu lower. Apparently new incentives are needed to take the market out of the present rut.

There was some clarification by the CCC as to its selling policy of wheat for feeding purposes. Prices announced late yesterday were a little bit higher than had at first been anticipated. They are divided according to counties, and the price in Illinois ranges from 79 to 86¢ per bu. This is calculated for October, with 1/2¢ per bu discount for September, and 1¢ discount during August. We presume that prices beyond October will be advanced to take care of the carrying charge.

The trade is still hesitant until it can determine how much competition this will afford corn prices. In our opinion, it may not amount to much.

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CHICAGO MERCANTILE EX.

August 10, 1942

The Department of Agriculture has just announced that a public
earing would take place to determine parity prices for some thirty
ommodities, including soy beans. This action is expected to guide
hemin further price control measures, but until we know more about
he plan it would naturally be difficult to offer much comment. We
elieve, however, that it might be timely to call attention again to
he fact that it was not pure accident that history has recorded some
f the sharpest price declines due to governmental intervention when
rtificial means were attempted to keep normal laws of supply and de-
and from functioning. We need not review here the Cuban sugar situa-
ion, nor the Brazilian coffee valorisation. We all know the sad con-
equences of the English attempt to stabilize rubber prices, and the
ore recent attempts of the American Farm Board to prevent wheat de-
lines. Just today the national coffee department at Brazil announced
hat during a two-week period 75,000 bags of coffee had been destroyed.
ach bag weighs about 132 pounds. It would almost seem as though
razil had never fully recovered from the sad experiment. Their destruc-
ion program started in 1931 and since that time more than 75 million
ags of coffee which could not be sold were burned.

At the present time there is still a very large quantity of wheat
hat has been removed from commercial channels. The CCC owns about 297
illion bushels of wheat from previous crops, and there is close to
00 million bushels which is not stored at terminal points this being
argely held on farms to which the federal government may finally take
itle. Then, of course, comes the 1942 wheat which is going rapidly into
he loan. Already 31 million bushels have been tied up and this is an
ncrease of about 24 million bushels during the past two weeks. We
ould venture the opinion that even greater quantities are impounded
lthough it takes time before the statistics are brought up to date. But
n any event, the quantity is larger than for the corresponding date a
ear ago. Owing to the fact that prices in the northwest are so far
nder loan levels, this year's program may be the largest one of all.
hen 378 million bushels were tied up at the peak of operations a year
go, this was a record up to that time, but we feel quite sure that
ven larger quantities will figure in this year's program.

The CCC had contracted for 48,060 wooden bins with a capacity of
7 million bushels, but up to August 3rd only about 1/4 of them with a
apacity of 21 1/4 million bushels had been delivered. In spite of this
act the storage problem in the southwest has thus far worked out fairly
atisfactorily, even with a crop close to 200 million bushels in Kansas.

Dry weather is now needed in southeastern portions of the spring
heat belt where harvesting operations have started. The bulk of spring
heat has been gathered in eastern South Dakota, and cutting has begun
n the Red River Valley of Minnesota. Fairly large wheat receipts at
inneapolis and Duluth during the past week consisted almost entirely
old crop wheat. With some threat of a wet harvest the demand for
ry and high protein wheat has risen somewhat. The trade is a little
esitant during this period of accumulation, and last year the open
nterest increased about 10 million bushels which pattern is likely to
e followed during the next few weeks.

Primary receipts were 1,842,000 bu compared with 2,231,000 bu last
eek and 2,358,000 bu last year. When the visible supply was posted, it
owed an increase of just under one million bu. Total stocks in all
ositions are 216 million bu, or 5 1/2 million bu more than was on hand
year ago. Chicago stocks increased 262,000 bu.

Markets were rather weak from start to finish. There is no great con-
idence yet, and while a little flour business has been reported worked
ver the week-end, the buying of hedges was unimportant. Last prices show-
d a decline of 5/8¢ a bu for September wheat, while the December future
eclined the same.

Good growing weather for corn and liquidation in the September
ontract seem to be the main factors at the moment. Beneficial showers
ere reported almost everywhere. Recent favorable temperatures will un-
oubtedly hasten maturity against possible frost damage. On the other
and, feeding operations continue on an active scale. Rye went into new
ow ground.

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CHICAGO MERCANTILE EX.

August 11, 1942

After the close of the market yesterday the government issued its August crop report and the prospects in the United States are the best on record for this time of the year, and again we call attention to the fact that the ample moisture supply was a big factor. A prospective wheat crop of 955 million bushels is the second largest crop in history. Only once did we raise more than this quantity and that was in 1915 when the final yield was slightly over 1 billion bushels. However, at that time the harvested acreage was in excess of 60 million acres, whereas at the present time the government allotment has only been for 55 million acres, and this season, due to adverse weather conditions early, farmers preliminary intentions for sowing were not fulfilled. The way the crop is now turning out it will average about 18.9 bushels to the acre or an improvement of about two bushels over the 1941 yield, and if we compare it to the ten-year average we find that during the period 1930-39 the production was only 13.3 bushels per acre. Looking at the picture from a slightly different point of view, the indicated yield is 208 million bushels greater than the ten-year average and thus acreage reduction, which was intended to control the yield, failed to play its part. When it is considered that we have also had a record carry-over of 630 million bushels, which is practically three times the normal reserve stock, it is quite surprising that storage space is not more scarce, although in anticipation of what was to occur the government had made considerable provision through the construction of improvised or prefabricated tanks. Our market, while not entirely prepared for the exceptionally good crop outlook which was an improvement of 51 million bushels since July, actually gave a very fine account of itself, again demonstrating that it is not the supply and demand which at the moment is contributing toward making prices but rather the free supplies contrasted to our requirements. Temporarily the secondary consequences are entirely overlooked and therefore the problem becomes a greater one for the government at some later date as they are bound to take title to larger and larger quantities of grain under this artificial program.

The Canadian government also issued a crop report with the condition estimated at 149% of average, which is comparable with the best that was ever experienced in the Prairie Provinces. Also, the outlook for feed grains is particularly promising and the favorable moisture is apparently responsible for the extreme optimism in that country as well as here. The Winnipeg market, being entirely artificial, recorded hardly any changes, but in a similar way their reserve stocks are piling up and with them it is a more difficult task since 12 million people have neither the resources nor the facilities to cope with over-production despite the fact that Canada is enjoying a fairly good export trade, while in this country we are doing practically nothing.

Primary receipts were 1,309,000 bu compared with 1,743,000 bu last week and 1,871,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 221,000 bu, with most of the shrinkage being registered at Minneapolis. This should change shortly after the spring wheat movement gets under way.

Volume of trade was not particularly large, and after the early decline sentiment veered to the constructive side of the market on the theory that the bad news was all known. The chances are that we shall have some pressure from the Northwest, but if it is no greater than last year, there should be little difficulty in having it absorbed. We still feel that tremendous quantities of wheat will be impounded. Despite the fact that thisis one of the banner crops, the distribution is peculiar and soft red wheat, which is needed for biscuit and cake flour, turned out about 40 million bu smaller than normally, but some relief will undoubtedly be afforded through government releases, and this has already occurred in the Southwest. Final prices were 5/8¢ a bu higher.

Corn was also influenced early by statistical news, but a good rally took place, with prices finally higher. Bookings were a little larger but feeding operations continue on a big scale.

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CHICAGO MERCANTILE EX.

CHICAGO August 13, 1942

The official carryover reserve is estimated at 633 million bu, of which 234 million bu is claimed to be free wheat. Taken in conjunction with that part of the crop which has been marketed, it is quite apparent that we must have about one-half of the requirements that are necessary for grinding purposes during the current season. This may be the reason for the general indifference, for at the moment supplies are ample for all purposes. We are looking at the picture, however, at longer range,and on a tentative basis figure that 70 million bu of wheat will be required for seeding operations, and as a very minimum 50 million bu for feeding. The latter may seem overly conservative but the balance is likely to be furnished from government holdings. Exports are apt to total 15 million bu, and at present price levels the impoundings might reach 450 million bu. This would account for 585 million bu, which if deducted from the total crop of 955 million bu, would leave 370 million bu in the free supply. To this we should add the carryover of free wheat, which the government computed at 234 million bu, which would give us a total of 604 million bu of wheat in the free supply. Our grindings are about 500 million bu per year. If the above calculations are correct, it would leave only 104 million bu in the free carryover one year hence. All this is on the assumption that the price does not rise sufficiently to permit redemptions. While it is very true that the government will finally be in possession of larger quantities than ever before, we can see in the last analysis some chance for artificial tightness as time goes on.

During the first five weeks of the current crop season, exports of wheat and flour amounted to 1,830,000 bu. There is apt to be some business with Mexico and the Central American countries, but the general outlet will be greatly curtailed while prices remain so high compared with competition, unless, of course, subsidies would be granted.

Canadian statistics are still somewhat in the balance. The carryover reserve has not yet been computed, but no new wheat has yet been harvested, and their visible stands at 411 million bu, so that the total amount of wheat in the country will be in excess of that figure as of August 1st. The crop has been variously estimated at about 550 million bu for the provinces, both by the Winnipeg Free Press and by Searle Grain Company; but Sanford Evans, applying the government's percentages to its acreages, feels that the total yield for the Prairies will be about 495 million bu, and time alone will tell who is right. In any event, a tremendous yield is in the making.

Reports from the United Kingdom are optimistic. Early returns have been very satisfactory, and reports indicate that the harvest will be far above normal. This may be the reason for the comparatively small overseas purchases during recent weeks, as they have good reserves on hand, and with the proximity of a new crop, tonnage is being turned to other purposes, as least for the time being.

Primary receipts were 1,141,000 bu compared with 1,326,000 bu last week and 1,682,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 290,000 bu.

At times the market was fairly firm but the volume was never of any important size, and it seems that a great many people are hesitant until after the spring wheat movement has passed its peak. The Van-Dusen Harrington Co. report says that "in spite of increased storage facilities, both on the farm and at marketing points, storage of this year's large crop will present a serious problem. State and local authorities, railroads, grain merchants, terminal operators and agencies of the government are cooperating to the fullest extent in order to minimize the seriousness of this abnormal situation." Despite this, the nearby delivery in Chicago remains firm, but we believe that with any shifting of spring wheat supplies to this market at present discounts a quick reversal is possible. Last prices were unchanged for September, while December wheat declined 1/8¢.

Corn was barely steady, and crop reports suggest good yields almost everywhere. On the other hand, the corn-hog ratio continues satisfactory, being 16.4 this week compared with 16.2 the previous week and 14.2 a year ago.

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CHICAGO MERCANTILE EX.

CHICAGO August 14, 1942

A year ago at this time the Canadian carryover reserve was 480 million bus which was a record for all time. Fortunately, the crop was not overly burdensome, and with only 300 million bus grown total supplies amounted to 780 million bus. In the meantime domestic consumption in that country was 140 million bus, being a little larger than normally owing to the fact that about 60 million bus of wheat was fed and this probably would not have occured except that feed grains had also turned out badly. Total exports amounted to about 216 million bu and as a result the carryover as of August 1, 1942 is now officially estimated at 424 million bus. This is the second largest reserve stock in the history of that country. If we project the picture further and assume that the war continues so that the exports during the current season will be no greater than they were in the past season, and if we should allow the same amount for domestic consumption, it is quite obvious that accumulations are bound to be extended particularly as crop prospects have been well maintained owing to the splendid precipitations received in most districts during July and the absence of extreme heat. Should all of Canada raise 525 million bus, we may only conclude that the carryover one year from now would be close to 600 million bus. For the time being, Canadian exports have fallen off and this was a circumstance which could not have been forecast. The fact of the matter is that the shipping position makes it imperative that all possible measures for the restriction of imports and for food control in Britain should be applied.

In recent months a policy of importing cheese and dried eggs has given England the best value in a smaller shipping space. This has already improved the stock position of these commodities. Cheese gives the next best protein value to meat, and according to one authority it will probably be necessary to accustom the public to eat less meat and more cheese in the coming months.

Reports from the Argentine indicate that only 11,000 bu of wheat cleared last week to the United Kingdom, but a million bu was destined to non-European countries. The total clearances, however, were considerably smaller than they had been running, and compare with 2 1/2 million bu that had been shipped a year ago. Should this continue, Argentina will also be faced with a large carryover stock, but the chances are that owing to unfavorable weather the next crop will be smaller. In any event, the exportable surplus of wheat remaining in that country amounts to 182 3/4 million bu. Thus it is quite apparent that all countries presently having a surplus are greatly affected by the blockade.

Primary receipts amounted to 1,191,000 bu compared with 1,483,000 bu last week and 1,493,000 bu a year ago. Stocks so far this week at Kansas City and Minneapolis show a net decrease of 427,000 bu. Minneapolis alone decreased 585,000 bu, but this situation should change as soon as the spring wheat movement gets under way. The whole Northwestern crop with the exception of durum wheat is now ready for harvest and considerable cutting has already taken place in most sections. A fair volume was reported moving in the Red River Valley. At a few points it is claimed that there are still farmers not qualified for the loan, but this is certainly not general, and at most country stations all the available room will shortly be filled with loan wheat, while some of it will be binned right on the farms. Nobody can tell for sure how the Northwest will meet its storage problem, although considerable capacity has been added in recent years, with greater prosperity on the farms, and it remains to be seen whether any wheat is finally piled on the ground during the peak of the movement. One of our friends at Minneapolis is of the opinion that the movement will follow largely the pattern in the Southwest. In other words, there will be some selling during the harvest movement, but it may dry up quickly when that is over.

With better war news from the Pacific, and a stronger stock market, wheat also responded, although weakness in corn held it in check. Final prices were about 3/4¢ a bu higher.

The yellow cereal was under liquidating pressure, despite the fact that hog prices sold at the highest levels since 1920. The continued favorable outlook for the crop is apparently discouraging some traders.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO

August 17, 1942

Wheat threshing has been delayed more or less by rains in the spring wheat areas, and while there was a little more moisture over the week-end, we were advised this morning that it was clear in the Red River Valley, also through North Dakota and Minnesota and harvesting now seems to be fairly general. A good many people have been delaying purchases on the theory that there might be some pressure from the Northwest, at least for a period, and this has been true not only of speculative buyers, but also of actual users of wheat, so that flour business has been exceptionally light at a period when ordinarily good-sized commitments are being made. As we view the situation, the open interest is apt to increase another 10 million bu during the next few months. Undoubtedly, some hedges will be placed in all markets, but with Minneapolis already at a virtual shipping difference under Chicago, the pressure is likely to be just as great here as in the Northwest. Undoubtedly some spring wheat will come to this market, as present discounts are attractive. The volume, of course, will be limited by the amount of storage space which is available here, and, therefore, no such movement can be particularly large, as Chicago already has so much grain in warehouses. In the final analysis, we are convinced that an artificial market is bound to occur.

The United States government loans increased about 16 million bu during the past week, with a total of about 47 million bu impounded as of August 8th. In addition to this quantity, the CCC owns or controls nearly 300 million bu which was accumulated from the 1941 and earlier crops. Besides this, there is nearly 100 million bu of farm storage wheat. It would be rather difficult to try to hazard a guess as to the amount of wheat that will finally enter the loan from the 1942 wheat crop, but on the assumption that 365 million bu was impounded last year, we do not think that a figure of 450 million bu for the current season is out of line. First of all, there are more farmers who are eligible for the loan than ever before, and secondly, the incentive in spring wheat districts is so much greater than in former years that many producers figure that there is an advantage of about 25¢ per bu in their favor by taking advantage of the government plan as contrasted to selling their wheat on the open market. Therefore, with a crop slightly larger than the one raised in 1941, we consider that our estimate is fairly conservative. If this is the case, we must also allow for about 150 million bu of wheat which scarcely ever leaves the farm. In other words, it is used for feed or seed and whether the price is high or low does not make a great deal of difference. Some consideration must be given to the government wheat-feeding program , and since prices have been made very attractive, substitution of these holdings for the wheat which farmers ordinarily feed would cause a slight variation in the estimate just given. But in any event, it is very doubtful whether the mills and processors will be able to get their entire requirements from the free stock of wheat, and as a result prices later may reach a level where the frozen grain will be redeemed.

Wheat receipts at Minneapolis and Duluth are still small, with only 398 cars at those two points, which was actually less than 454 cars received last week, and 1,538 cars a year ago. However, with clearing skies, this situation could change quickly. In any event, Minneapolis alone has a wheat stock in excess of 35 million bu, a little more than was on hand in 1941 similar date.

Primary receipts were 2,188,000 bu compared with 1,842,000 bu ast week and 2,332,000 bu last year. When the visible supply was posted, t showed an increase of 1,328,000 bu. Total stocks in all positions are 17 1/2 million bu, or only about 2 million bu more than a year ago. hicago stocks decreased 32,000 bu, with a little more than 10 1/2 million bu held here

Trade was extremely light and markets were indifferent. Weakness n corn was discouraging and final prices were 3/4¢ a bu lower.

The Oklahoma Department of Agriculture claimed that in that State 4% of the wheat will be placed under the loan.

Liquidation in September corn continued, despite the fact that the CCC has less than 45 million bu of corn on hand. The crop is making good progress, with temperatures and moisture conditions almost ideal everywhere.

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August 18, 1942

The figures relating to the surpluses in North and South America are so fantastic that we often check them two or three times in order to make sure that there has been no error. The United States is starting the present crop year with total supplies of 1,588 million bu including the largest reserve stock that was ever carried from one crop to the next. In Canada, if a yield of 520 million bus is borne out, there will be total supplies in that country of 944 million bus. Thus North America has a total of 2,532 million bus, from which must be deducted 825 million bus which is the combined disappearance of the two nations. This would leave a surplus over and above home requirements of 1,707 million bus. The Argentine government estimates the remaining surplus of wheat at 192 million bus so the three countries together have at the present time a surplus of 1,899 million bus. We hesitate to include Australia for the reason that with censorship nobody can be sure of the exact quantities of wheat on hand, but also because the situation is serious enough without making it worse if their surplus were added to the burden of the other three countries. Even during peace time the average world shipments only amount to about 500 million bus per annum and thus with the quantities that are now on hand the United States, Canada, and the Argentine could take care of all the world's import requirements for the next four years without raising another bushel. In these calculations we are quite aware of the fact that once there is peace the demand will be abnormal, at least for a time, but as an offset there is no reason to believe that the surplus countries will stop raising wheat and therefore the desire to sell will become extremely great not only for the United States but for our competitors as well. Nobody seems to worry much over future events and the artificial situation in this country continues just as though everything were healthy and normal. During the month of June farm income registered an outstanding gain of 36% over last year, and it is probably safe to forecast that farm income for the current year will be the highest since 1919, and might even exceed that level. In spite of this situation the government benefit payments to farmers in May, which is the last available month, were 34% higher than a year ago, and for the first five months of the calendar year, these benefits were 28% higher than in the same period of 1941.

Our advices from the Northwest told of clearing skies, so that undoubtedly harvesting operations will soon become general. To what extent pressure will be exerted upon the market remains to be seen. Many people are hesitant until it can be determined whether the new hedges will be easily absorbed. Undoubtedly, some wheat will be piled on the ground, although improvised storage space has been constructed rather extensively. We were recently told by the Bureau of Agricultural Economics that nearly 18 1/2 million bu of wheat was piled on the ground in the western two-thirds of Kansas. Before the new crop was available, farm stocks were in excess of 20 million bu in that State, and the interior mills and elevators were housing close to 16 million bu. Therefore, it is little wonder that with the huge crop that was raised some difficulties have been encountered; but even there, the situation will radually clear as wheat moves into consumption.

Of the 47 million bu of wheat impounded from the 1942 crop, Oklaoma takes the lead with 15 1/2 million bu frozen; Kansas is second with 4 million bu; Texas, third with 8 million bu; and Nebraska in fourth ith slightly over 3 1/2 million bu. These four Southwestern States account for 41 million bu of wheat under federal lock and the rest is pretty generally scattered.

Primary receipts were 1,583,000 bu vs. 1,309,000 last week and 1,549,000 last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 99,000 bu.

At no time was our market very buoyant, and with further liquidation in September corn, in which the open interest is still close to 28 million bu, there was some discouragement, with final prices about 3/4¢ a bu lower.

Corn went into new low ground, and there is no pressure from the country nor any particular weakness in cash, but new buying power is insufficient to offset liquidating sales, and with the fine crop prospects there is no great confidence at the moment, despite the large feeding program.

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CHICAGO MERCANTILE EX.

August 19, 1942

All allied nations must have been greatly heartened this morning when they learned that a Commando raid had been operating with considerable success along the French coast. The British asserted repeatedly that this was not an invasion, and that very likely those who participated would soon be returned to their home soil. But the strength with which these operations were carried on, and the nature of the assault suggest that this might be developing into a major operation; possibly this is the consequence of the recent discussions between Prime Minister Churchill and Stalin.

When our grain market opened there seemed to be a generally better sentiment and it had been recognized that much of the weakness during recent sessions had come from the corn pit where the September future had been under liquidating pressure for many days. Today's buying was not particularly impressive from the point of view of size but pressure was almost entirely lacking and therefore comparatively small orders were an influence upon the price level being more prounced than in times past when we had greater activity. Many people believe that too little attention is being paid to the artificial factors, while the bearish news and statistics may have been temporarily overstressed. It is generally conceded that with good growing conditions in nearly all states that the crop prospects in the United States are the best on record for this time of the year. Not only has this been favorable for the development of cereals such as wheat, corn, oats, barley, rye, etc., but even grass in hay meadows and pastures have made a big growth and at the present time pastures are better than they have been in any August since 1920. Thus it is not at all surprising that there has been quite a bearish sentiment expressed in grain operations by those who have always believed in true supply and demand factors. We have just harvested a winter wheat crop close to 698 million bus. This in itself is large enough to take care of our domestic requirements for a whole year yet the open interest in Chicago, which is the principal wheat market of the country, has only shown a meager increase. This is certainly indicative of the small volume of hedges which this market has had to absorb and we believe that the answer is that the bulk of the grain has either gone into the loan or will sooner or later come under government domination except for that quantity which was bought by processors for grinding or cereal purposes. With this in mind, one might forecast that a spring wheat crop of 257 million bus may have been over-advertised at least in so far as it will influence prices after the Northwest movement gets under way. With the season advancing the government weekly grain report is of less value now except possibly for the corn crop, and here mention has been made that steady and generally favorable development occurred during the week but that warmer weather would be helpful in the Central and Northwestern portions of the belt in hastening maturity against possible frost damage.

Canadian reports are also optimistic and prospects on the whole continue good although some unwanted rains in Manitoba have delayed field work where most grains were ready to be cut. There must have been a little better export trade from that country during the past week as the visible supply stocks showed a decrease of 5 million bus. However, at this time there is still 406 million bus of wheat on hand in all positions which is actually more than was raised last year, and thus storage is apt to become a great problem in Canada, particularly as they cannot count on any help from the United States in bringing grain down even for temporary relief.

Primary receipts were 1,209,000 bu compared with 1,180,000 bu last week, and 1,140,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 113,000 bu. Minneapolis receipts are still smaller than a week ago, which is quite unusual for the latter part of August. This, however, may change suddenly.

With the least partial restoration of confidence, local and commission house buying featured the market, with final prices about 1 1/2¢ a bu higher.

Corn seemed to be under less pressure and recovered some of its recent losses. The cash situation is sound and it is still easier to sell cash corn than to buy it.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

August20, 1942

Secretary Wickard, reminding farmers that we are now in war, reversed his farm policy with respect to price controls and is no longer of the opinion that a ceiling of 110% of parity should be the permissible limit. He now believesthat a ceiling established at 100% would be satisfactory for producers provided that industrial profits were also held in check. In other words, under present circumstances he believes that it would be wise to have new legislation to meet changed conditions. As we view the agricultural situation, it would be rather complicated to have new laws enacted that would bring about perfect economic equality for all parties concerned. As a matter of fact, there are many articles at the present time that are selling way under parity as for example rye, which on July 15 was only 47% of parity; barley was only selling at 60% of parity; wheat at 70%; and corn at 85% of parity. For these articles there is considerable latitude on the up-side of the market regardless of whether the ceiling would finally be made mandatory at 100% or at 110%. However, there are many other articles which at the present time are in an entirely different category, and we have in mind hogs, which are selling at 125% of parity, beef cattle at 131%, veal calves at 122%, and special kinds of tobacco at 142%. We are wondering what provision would be made for the latter commodities which are largely needed in carrying out our war program. About eighteen months ago a program was advocated where everything was going to be done to try to maintain hog values at around $9.00. The average price on July 15 was $13.78 but not for any other reason except that the lend-lease program required tremendous purchases, and since our entry into the war, Army and Navy requirements have necessitated an enormous expansion so that even with the huge feeding program and the desire to keep feed grains at a reasonable level the finished product has risen considerably. Who would stand the loss if prices were now forced down through some means to the 100% level? Our market did not respond much to the Secretary's appeal but prices were lower due to the technical character of the trade. It seems that at this point continued buying is necessary to keep wheat and corn prices moving higher, and since speculation is at low ebb, once the commission house and local demand has been satisfied, we find a certain lag. This may continue until we eat more into our reserves.

There are still many very bearish factors with which we must cope. Many people have reqsoned that when the war is over the United States will be able to give tremendous quantities of foods away to the distressed peoples of Europe, but how about Canada? True, she is not in a position to be a big benefactor with a smaller population and a less favorable financial outlook. Nevertheless she is carrying a tremendous load particularly in wheat. This is best brought out by some figures which Sanford Evans of Winnipeg compiled and which we submit below:

- Millions of bushels -

	1942-43	1941-42	1940-41	1939-40	1938-39	1937-38	1936-37
Carryover	424	480	300	103	25	37	127
Production	(500?)	299	551	521	360	180	219
TTL.SUPPLIES	924	779	851	624	385	217	346

From the above it will be seen that in none of these years was Canada ever faced with a total wheat supply close to the billion bushel mark nor did it ever occur previously in history. In fact, a country which consumes only 125 to possibly 140 million bu of wheat for domestic purposes is required to seek export outlets, and this can only be done by meeting competition. It is futile for any one to believe that she will stand idly by and not relieve herself even though we might be tempted to give our wheat away in order to improve our own situation.

Primary receipts were 1,070,000 bu compared with 1,141,000 bu last week and 1,934,000 bu last year. Carlot receipts in the Northwest were still considerably smaller than a year ago, but with dry, warm weather in sight, this situation should change very soon. Kansas City and Minneapolis stocks so far this week show a net decrease of 73,000 bu.

Trade was dull. The market was weak early in the session, with some of yesterday's buyers liquidating their commitments, but a final rally gave us an unchanged close from the previous session.

Corn was rather uninteresting early in the day but rallied during the last ten minutes of trade. We believe that in the final analysis heavy feeding should give us a better price level.

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CHICAGO MERCANTILE EX.

August 21, 1942

The newspapers, as well as the grain ticker, carried several articles dealing with the anti-inflation program, and it seems that Secretary Wickard has enlarged somewhat upon his original talk going so far as to believe that there is a basis for some price fixing plan which would call for a floor level as well as a ceiling. Mr. Henderson estimated the 1942 farm income at around 15 billion dollars which would be an increase of nearly 75% over 1939, and he stated that he also was working on a plan with the Secretary of Agriculture to place a ceiling on some agricultural commodities. The President himself, at his press conference today, was somewhat vague but admitted that he was making fairly good progress on new anti-inflation measures and that he hoped to have something definite within a week or two. We recall that in 1933, when the whole price structure was at a very depressed level, everything in the world was suggested to bring about an inflation move, even to the extent that our dollar was de-valued and gold, which was bringing $20.67 per ounce, was advanced to $35.00 in an effort to hasten the process. In our opinion it is not very likely or at all feasible that inflation will be fought by reverting to the old statutory price for gold, but if the interested parties are really sincere in trying to check the inflationary spiral this should prove a relatively easy period to combat such an evil, as we are faced with surpluses in many of our agricultural commodities having, for instance, larger wheat supplies on hand than ever before in the history of the country. It is, of course, the artificial loan price that is keeping prices at the present high level.

When we read the August 1st crop report issued by the U.S. Department of Agriculture, it sounds almost like a fairy tale with grain production this season being larger than in any other year except 1920. Due primarily to favorable moisture conditions the indicated corn crop should be the largest since 1932 and will be about 19% above the ten year average. The yield of wheat is expected to be two bushels per acre more than in any previous year. The barley crop, which is estimated at 417 million bu, and the rice crop of 74 million bu are expected to be 16% and 35%, respectively, larger than in any previous year. The rye crop should be the largest, and the grain sorghums the second largest in twenty or more years. Despite the fact that the gathering of hay has been delayed by a labor scarcity and much of it damaged by rain it is probable that a record tonnage will be saved before the end of the season. Pastures are better than they have been in any August since 1920, therefore it is obvious that high prices must be, in part at least due to artificial conditions which the government itself has recommended or enforced. While it is true that there are some food shortages in other lines, with the basic commodities produced in such abundance, we feel that it would be no great issue to suppress inflation if there is actually the will and desire to do so. After all the total volume of crops is expected to be about 21% above the pre-drought average. In some years we have had an early killing frost as early as August 23rd. These were reported at both Bismarck, North Dakota and Huron, South Dakota, but were rather the exception. Nothing like it is indicated during the current season with temperatures in the Northwest ranging in the 90's. For the corn belt, taking Iowa and Illinois as a criterion, the average date of the average killing frost is about October 8th, and with the hot weather which is now reported corn should be hastened to maturity with the possibility that the final result will be even better than the last government estimate.

Primary receipts were 1,090,000 bu compared with 1,190,000 bu last week and 1,773,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 18,000 bu. Nothing spectacular is expected when the visible supply figures come out next Monday. The present total is already close to last year's peak.

Trade was exceptionally dull, with a fluctuation in wheat of only about 3/8 a bu. Final prices were 1/8¢ per bu higher.

In corn, there was improved commission house buying. Despite the large open interest in September, the nearby future remained relatively strong. Corn-hog ratio in Chicago is 16.7 compared with 16.4 a week ago and 14.3 last year.

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CHICAGO MERCANTILE EX.

August 24, 1942.

The ease with which prices declined on Saturday brought about some discouragement, particularly since liquidating pressure was not exceptionally heavy. It is true that longs in September corn had been going out of their positions either into the deferred months or outright, and that new takers have been rather scarce, but after all the open interest in corn has declined about 20 million bu from the peak, so from a technical point of view the situation is healthier now than it was. As we view the fundamental wheat situation, forgetting for the moment contributing factors such as strength or weakness in corn or in cotton, we believe that the large impoundings will finally tell the story. There is at the present time about 298 million bu of wheat held by the CCC against previous loans that were not repaid, and there is possibly another 100 million bu of farm-storage wheat which is not pressing on the market; so these supplies, together with what will be frozen from the 1942 crop, will in our opinion give us a rather artificial situation. According to the last government figures, there is 63 1/2 million bu of wheat tied up from the current crop at the middle of August, and this is an increase of 16 1/2 million bu during the week. The chances are that there is some lag in getting the complete data; most of the individual loans are made for very small quantities and it takes considerable time for all the details to be fully arranged. We have a feeling that with the Northwest wheat movement just getting started, spring wheat farmers are already showing a tendency to hold their wheat back from the usual marketings, and that, therefore, a larger percentage than ever will finally be impounded. Today, for instance, there were nearly 3,000 cars of grain at Minneapolis, but of this only 635 cars represented wheat; almost twice as much was barley; also, the oat arrivals were reasonably heavy, so that very likely the farmer will market other grains in preference to wheat.

Shortly after our market opened, there was a news dispatch from Ottawa that grain exports from Canada would again be permitted, and this had to do with barley, oats, and rye. It seems that about a year ago when feed crops turned out badly they wanted toconserve all the necessary quantities for their domestic use, and, therefore, an embargo was resorted to. This, of course, was exceptional, as in most years we import a certain amount of Canadian feed grains into the New England States, and that competition will again be with us, although nobody can state definitely just how much we shall have to absorb. Much will depend upon the price, but at the moment it is apparently a psychological factor; we doubt whether it will develop into a major market influence. In any case, this was not encouraging to those who might otherwise have made purchases of corn and oats on the break.

Primary receipts were somewhat larger at 2,410,000 bu compared with 2,188,000 bu last week, and 2,243,000 bu last year. When the visible was posted, it showed an increase of only 897,000 bu, bringing total supplies in all positions to 218 million bu, or hardly any more than was on hand last year same date. With the spring movement started, there should be some further increases, depending upon the amount of available storage. At Chicago, there was a slight decrease in stocks, with 10 1/2 million bu of wheat held here.

Trade was again very dull. With very optimistic reports coming from the Northwest on yields, and the chances that the next government eport will show a larger crop, there was not much buying power. Final rices were about 3/8¢ per bu lower, with a slight widening of the carrying charge from September to December.

Corn went into new low ground, but a fair recovery took place. here is about a 7¢ carrying charge from September to May and this is omewhat of a handicap to bullish operations, although feeding will ndoubtedly take place on a huge scale.

Rye was also extremely weak, new lows were established, and in his cereal the carrying charge discourages bullish operators. Those oing from September to May have to pay about 10¢ per bu for the privilege f being long.

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CHICAGO MERCANTILE EX.

CHICAGO

August 25, 1942.

After the close of the market yesterday, the government issued its mid-monthly report but covered only the four important spring wheat states. There was an improvement of 15 million bu in the crop prospects since the first of the month, and on this basis we can now look forward to a total winter and spring wheat yield of about 970 million bu. There has hardly ever been a season in which moisture was so uniformly satisfactory, and whenever this happens, the final results are bound to be good. The trade, however, was more or less prepared for the improvement, as there have hardly been any damage reports since August 1st, and for that reason it is still considered quite likely that a still higher figure might be reached in September. If this is the case, it will naturally take a longer time before the artificial situation will assert itself, although we feel quite sure that with the big disparity between market prices in the Northwest and loan levels, tremendous quantities will finally be impounded.

With such tremendous surpluses in this country, it is not easy to imagine that taking the Continent of Europe as a whole, strict rationing of foodstuffs is necessary to avoid extremes and even starvation. Nowhere with the possible exception of Portugal are supplies as plentiful as they were before the war. However, outside of occupied Russia, Poland, and Greece, the people have not starved. To some extent, conditions in Greece are being corrected by shipments of foodstuffs, and Broomhall tells us that Canada will in the future ship about 560,000 bu of wheat monthly to that country. This would be at the rate of nearly 7 million bu per annum. The allied governments have been discussing also the question of food relief to Belgium, and possibly other countries, and although any number of plans came up for consideration, most of them were abandoned, as the conclusion each time was reached that any scheme which might bring benefits would also bring even greater benefits to the enemy. Fortunately, the one bright spot in Europe is Britain, where an abundant wheat harvest is expected to be gathered or is already in the process of being harvested at this time. There is some reason to believe that Continental crops have been improved by rains, but the news is so scanty that this is only a guess at best. The main difficulty during the period of hostilities is the lack of manpower and of fertilizers, which has resulted in rather indifferent cultivation.

Primary receipts were 1,546,000 bu compared with 1,583,000 bu last week, and 2,229,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 11,000 bu. There were 451 cars of wheat received at Minneapolis, which was not so bad for a Tuesday, and if weather continues favorable for harvesting, elevator space should soon be filled to capacity.

Little market attention was paid to the big naval and air battle in the Pacific. This is the second heavy engagement to occur in the Solomons, and from first reports considerable damage is being inflicted upon the enemy. There was, however, a fair amount of optimism displayed in today's trade, and with not much hedging pressure in any of the pits, there seemed little more disposition to make purchases, particularly in wheat, with the result that final prices were about 3/4¢ per bu higher. The September delivery yielded some ground as compared with the deferred months, but this was to be expected as elevators are not fearful about losing grain, being in a position to replace it readily with spring wheat from the Northwest.

Corn also had a slightly better undertone in sympathy with wheat; trade was not particularly heavy, although we note that yesterday the volume was just slightly better than that of the leading cereal. Slow liquidation in the September future continues to take place.

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CHICAGO MERCANTILE EX.

August 26, 1942

With the hope that a farmer's Utopia might some day become a reality, we have had all kinds of agricultural proposals and actual schemes incorporated along the line of so-called parity. These have almost entirely disregarded the fundamental laws of supply and demand. Any sound economist knows that the function of a market is to fix that price so that it will coordinate production and consumption. Regardless of how it may hurt at times, the only fair price is the equilibrium price. This is one which moves the whole crop into consumption without a shortage and without a burdensome carryover. Most producers know that they cannot expect to get as much in years when crops are bountiful as in years of shortage, and it is also a fundamental fact that cost of production alone is not a proper basis for fair price, this being evidenced by the fact that no two farmers have the same cost of production, nor does any one farmer have the same cost of production from one year to the next. It is also true that the inefficient, high-cost farmer like the inefficient, high-cost manufacturer fails and quits because he cannot force the consumer to pay the price represented by his high cost of production. The equilibrium price, which for many years now has been set aside but which we feel will some day return, is the one which pays the cost of production of that supply which the consumer stands ready to take at this price. When more than this is produced, the consumer can only be induced to take it by having the price lowered, which at times means that a portion of the supply is actually sold below cost of production. This may be unfortunate, but in the past when a farmer has lost money on his crop in one year, he often put his land into something else the next year, and thus we had a fluctuation in wheat acreage, in corn acreage, and in other crop acreage without tremendous quantities of money being paid out from the public treasury.

It would not be fair to blame the war alone for the loss of our export market. During the past season, Canada exported about 216 million bu of wheat, while the clearances from our country were only about 10% as much. This has been responsible for accumulating the largest carryover reserve in the history of our country, being almost three times as large as the average for the past ten years.

When our market opened this morning, prices were somewhat reactionary on further anti-inflation talk and the fact that the President will deliver a Labor Day message regarding possible steps to combat rising cost of living. It has been suggested that farm prices might be stabilized by having the Department of Agriculture sell some of the government-owned grain but to subsidize producers and processors of farm commodities. Other news had little market effect.

We note that Argentine shipments of wheat the past week have been the largest since mid-April, amounting to 2,669,000 bu. This included a substantial quantity destined to non-European countries. It is doubtful that the United Kingdom will be as large an importer during the coming season, as private observers are of the opinion that this year's wheat crop will be close to 100 million bu, or a 50% increase over pre-war crops. It is contemplated that a further increase in the wheat acreage of 25% will keep every tractor and every team of horses busy, and a good deal of summer plowing has already been accomplished in preparation forfall planting.

Primary receipts were 1,179,000 bu compared with 1,209,000 bu last week, and 1,803,000 bu last year. Apparently a little more time s necessary before the spring wheat movement gets well under way. A ew showers have occurred in the Northwest, but nothing serious to delay arvesting.

Prices were lower today after yesterday's short covering, and possibly anti-inflation talk had something to do with the small amount f buying. In any event, support was almost entirely lacking. Final rices were 3/4¢ per bu lower.

Corn was also weaker, but the volume of trade was small.

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CHICAGO MERCANTILE EX.

CHICAGO August 27, 1942.

On basis of the mid-monthly report, we must now assume that the total wheat production in this country will amount to 970 million bu. It is possible that the final figures will exceed this estimate, but until the government report is issued in September, we shall use the present figure as a basis for our calculation. It was officially stated that the carryover reserve on July 1st amounted to 633 million bu; therefore, we are dealing with a total wheat supply of 1,603 million bu, which is the largest on record. If this were a normal year, our domestic consumption would probably not exceed 670 million bu. In saying this, we are fully cognizant of the fact that our population is the largest that it has ever been, but as a partial offset smaller quantities will be needed for seed owing to reduced acreage. In order to be extremely conservative, we are allowing an extra 50 million bu for the amounts that might be fed under the government program, and thus, home utilization may approach 720 million bu. Even if this is the case, we had 883 million bu available for surplus and next carryover. Since the beginning of the present crop season less than 3 million bu of wheat and flour have been exported; therefore, even at the present time there is a reserve of 880 million bu on hand.

Undoubtedly, this statistical picture has had an influence upon the minds of many traders who never before have seen anything like it. On the other hand, there has never been a situation where the entire resources of a government have been thrown at the disposal of farmers to the extent that any producer who complied with the government program could avail himself of the loan where the price was probably twice as great as the actual merit of the wheat. Then, of course, the question arises how long it may take before the artificial situation will assert itself, and on that score nobody can be sure. The first movement of wheat has to be absorbed, and also, we started the present crop-year with a fairly large quantity of free wheat on hand; so it may take some time before we eat into our reserves of free grain.

During the coming weeks, we shall be confronted with the spring wheat movement, which was a little delayed by wet weather, and as a result receipts from the country are still comparatively light when the heavy crop is considered. There is some wheat being piled on the ground in a good many counties in western North Dakota and Montana. The CCC is moving wooden bins into those territories as fast as possible, and farmers are hopeful that they can get their grain into safe positions before winter sets in. However, the CCC has been behind schedule in getting the storage fully set up and probably is not overly optimistic about the final results. Lumber is getting more and more scarce, and with the crop overrunning estimates, there may finally be a good deal of wheat out in the open, or at least in temporary storage when the snows set in. There has already been a barley embargo at Minneapolis, or at least the permit system was invoked, and since barley prices were so far above the loan when the crop started to move, farmers were most anxious to sell. Consequently, the question of storage at terminal markets will be quite a problem, and this also adds to some of the uncertainty.

Primary receipts were 1,387,000 bu compared with 1,070,000 bu last week, and 1,723,000 bu last year. Kansas City stocks so far this week show an increase of 69,000 bu for the three days.

September wheat lagged in today's trade, and it seems that longs are going over into the deferred months. With the war risk insurance, it now costs a little more to carry grain than formerly. The spread between September and December was at the widest point that it has been in some time. The deferred months were in better demand, and closed somewhat higher.

Corn was rather heavy, the feeding ratio continues satisfactory, and for the week ended August 22nd was 17.1 compared with 16.7 the previous week, and 14.2 a year ago. There is every inducement for farmers to feed corn, but on the other hand the moisture was so satisfactory for hay, alfalfa, and sorghum crops that these also were produced in great abundance.

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CHICAGO MERCANTILE EX.

CHICAGO August 28, 1942

The loan program for basic agricultural products has not covered sufficiently long period upon which we can base a well considered udgment except to say that very artificial markets have been created. hat the final outcome will be, with surpluses piling up, is anybody's uess, but for the time being at least one can only try to appraise he effect of this scheme upon the price structure, and with this in ind we have come to the following conclusions:

The amount of free wheat carried into the present crop is 233 milion bu; this was about one-third of the entire carryover reserve, but as apparently sufficient to afford comfort to those who needed supies immediately, as it was about as much wheat as we normally carried ver from one crop to the next in ordinary times. The situation one ear from now is apt to be tighter, however, if larger quantities are mpounded under the loan unless, of course, the price would advance to point where redemptions could take place. We have just raised a comined winter and spring wheat crop of 970,000,000 bu. We assume that 50,000,000 bu of this quantity will be needed right on the farm for eed and feed purposes, possibly 450,000,000 bu will be frozen, so that here will be only 370 million bu of free wheat from the current crop, ogether with 233 million bu from previous years. This would give us total of 603 million bu of free wheat, but grindings alone would reuire about 500 million bu. So that if our calculations are correct, here may be a situation next July where only about 103 million bu of ree wheat would be available, and the balance, a tremendous quantity, ould be in the hands of the government.

It is this reasoning which has prompted us to take the construcive side of the market for some weeks past, despite the very bearish tatistical figures, which are more or less theory so long as the overnment is willing to devote its entire resources to the loan rogram, despite intrinsic value of the commodities affected. What the inal penalty to farmers and to the nation will be for this economic postasy cannot be foretold at this time.

Our market was reasonably firm at the start, possibly due to the etter tenor of war news both in Russia and from the Pacific, also a arge scale RAF raid was reported over Germany, with possibly 600 to ,000 planes taking part.

The main factor, however, was the President's disclosure of what e might discuss in connection with anti-inflation. Some people have een more or less worried that freezing of agricultural prices might e suggested, but apparently he does not have this in mind-- at least, othing that would involve a hard and fast freezing of either wages or arm prices. He does, however, wish to keep a constant ratio between hem and the cost of living. The President apparently has discussed ith farm groups the 110% of parity price level which has been conidered inflationary, according to today's press reports, but in our pinion this should not affect grains or other commodities which at he present time are selling way below parity levels. In any case, he trade must have construed the statement similarly, as we had a ood advance.

Primary receipts were 1,330,000 bu compared with 1,090,000 bu ast week and 1,676,000 bu last year. Kansas City and Minneapolis tocks so far this week show a total increase of 111 million bu.

Not much is looked for when the visible is published on Monday. year ago there was an increase of nearly 3 million bu. However, he northwestern movement is late in getting under way.

With a rather friendly sentiment and no particular pressure, the ine of least resistance was on the bull side of the market. The ate trade was quite active, and final prices were about 1 5/8¢ per u higher.

Corn was inclined to lag, but oats were strong, and even with the ig movement going on in the northwest, stocks at Minneapolis so far his week have increased only 60,000 bu. Rye was very strong and horts covered.

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CHICAGO MERCANTILE EX.

CHICAGO August 31, 1942.

This has been a very unusual season in that we have scarcely had a crop scare or any appreciable damage to the wheat, corn, or oats crop, but on the contrary when each successive government report has been issued, it showed improvement which occurred largely owing to the satisfactory moisture conditions and seasonal temperatures. Within the next few days; we shall have some private crop estimates, and on September 10th, the government will issue its revised figures on the spring wheat crop, and also on corn, oats, barley, etc., but from our own observations, it looks as though further additions will be made to the figures that have already been published, and which even now are extremely optimistic.

In spite of all this, confidence has been partially restored, and the trade believes that while some patience may be needed, finally prices should rule higher. There is already 77 million bu of wheat from the present crop impounded, and in parts of Texas, even with the large harvest it is not too easy at prevailing prices and premiums to purchase cash grain, so that as we eat further into our surplus this situation might become accentuated.

The most pertinent question at the moment has to do with the amount of storage which was provided in the Northwestern sections of the country, and nobody can give the precise answer to this, as it varies a good deal according to locality. The writer spent the weekend in Minneapolis and talked with a good many grain men. Some were of the opinion that with improvised bins that have recently been erected, the grain could be pretty well cared for, and very likely we shall find that farmers will make every effort to take advantage of the loan, since they do better than to market it at present levels. There are some farmers, however, who need cash and who are willing to make some sacrifice by selling a part of their grain at the market price. Farmers who intend to store their wheat on the farm must wait thirty days before the loan is available, and some of these producers need immediate cash to settle up bills. This undoubtedly explains why there is as much free wheat coming on the market at this time. There were over 1,000 cars received today at Minneapolis compared with 335 last week, and with clear weather setting in again, harvesting operations should now be in full swing, or at least this will be the case within the next few days. Duluth had 265 cars of wheat today compared with 152 last week; so the same condition prevails in that section of the country. Minneapolis wheat stocks are already 35 million bu, which is practically the same as a year ago, and this is quite a large quantity considering that the harvest this year is a little later than in other years.

In oats, the situation is rather unusual. Minneapolis has been receiving about 200 cars each day, but at the same time it seems almost impossible to build up an oat stock. The increase for the week was only 112,000 bu, with total supplies in that market 849,000. Apparently the feed situation is very strong. Even in flax after the permit system was invoked, a good demand had sprung up, and neither congestion nor price depression seems to have taken place.

Primary receipts today were 2,697,000 bu compared with 2,410,000 bu last week, but last year we had a holiday. The visible supply in wheat decreased 990,000 bu and the total is now 217 million bu against 220 million a year ago.

Moderate tenders on September wheat contracts had very little market influence; the chief factor was weakness at Minneapolis. The bulk of their receipts comprised free wheat, and the cash market was unchanged to 1¢ lower, especially on the higher protein grades. At the close our market was about 1/4¢ per bu lower.

Corn was under liquidating pressure, with tenders on delivery estimated to be in excess of 4 million bu. However, the yellow cereal was not particularly weak, and some believe that after September liquidation is out of the way the market should do better.

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 1, 1942.

There were some reports from the Northwest yesterday, indicating that clearing weather had set in, but this was a little misleading, as the rains were fairly general over eastern Montana and most of North Dakota, and Minnesota. Some of it had occurred over the weekend, but in any case, there are a good many points now that have probably received as much as 3 inches or more of rain during the past week. This will naturally soak the wheat in the shock, but it is not only the shocked grain that gives us concern, but rather that which is lying in windrows and which is likely to deteriorate or even sprout unless a period of better weather follows. Some of the wheat which is still uncut has been badly pounded down, while in other fields it will be difficult for either a swather or binder to pick up all of the straw.. This naturally means some reduction in yields, although the last government report was quite conservative in its estimate; therefore, we can probably still look forward to a very large crop. According to our informant in Minneapolis, the quantity will also suffer, and this will undoubtedly mean that more wheat will be sold than had been previously anticipated; in fact, some may be ineligible for government loans either due to sprouting or to excessive moisture. Much, of course, will depend on the weather during the next week or two, but if unsettled conditions continue, we might finally have more pressure exerted from sales of wheat where the keeping quality is doubtful.

The government has estimated that about 400 million bu of wheat would go into the loan from the current season, and considering that there is already 400 million bu under government domination from previous crops, the total withdrawals from usual marketing channels are bound to be on a scale never before reached. This confirms our previously expressed thoughts as to the possibility of a very artificial market as time goes on. In the meantime, we started the crop season with a total supply of 1,603 million bu; so there is no immediate scarcity, but in many parts of the Southwest the cash basis is being fully maintained, and at Kansas City wheat today was 1/2¢ higher, with a fairly good demand. The situation is entirely different from normal due to the government loan program.

The overnight milling business showed considerable improvement at least through one source, and there were hedges taken out of the markets both at Minneapolis and here. This resulted in a much firmer undertone than was expressed late yesterday, and in quiet markets it seems to take only a small amount of buying to bolster prices.

Primary receipts were 1,693,000 bu compared with 1,546,000 bu last week, and 3,169,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 25,000 bu. Judging from the first decrease in the visible supply yesterday, it is quite apparent that the movement in the Southwest is no longer a factor, but as far as the Northwest is concerned, receipts can only pick up on a large scale after the weather improves. Their spot market today was firm, and there was a good demand, with the basis probably close to 1¢ higher all along the line. Good Montana 15% protein wheat was quoted at 8¢ over the future, while Montana 16% protein wheat was at a premium of about 13¢ per bu.

The trade here was impressed by the action of the Minneapolis market, and this, together with the improvement in the flour business, gave us a higher market, with final prices advancing about 1 1/8¢ per bu. While the President was to confer with Secretary Wickard, as well as Nelson and Henderson, on anti-inflation matters, little attention was paid to this factor, despite slightly lower prices for cotton. The complete survey will probably be announced by the Chief Executive on Labor Day.

Corn was also substantially higher, and many of the deliveries have apparently gone into strong hands, which was also encouraging.

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CHICAGO MERCANTILE EX.

September 2, 1942

The carryover feeling from yesterday was a little bullish. After several weeks of extremely indifferent milling demand there suddenly had sprung up a much better inquiry, and since buyers had been out of the market for some time, it was considered likely that further business might be forthcoming. This reasoning was apparently correct, and when our market opened this morning, more hedges were taken out of the pit; with pressure from hedging unusually light, markets were quite firm.

As far as we can tell weather seems to be clearing in the Northwest. The areas covered are so vast that nobody can be entirely sure, and it is a little more difficult now than in ordinary times to get complete data owing to restrictions, and in this way we are handicapped. There are some very well informed and reliable people in the Northwest who take the position that the rains which have already been sustained have done damage at least to the extent that the wheat will be quite wet when it comes to market, and for that reason they believe that the keeping qualities of this grain will not be quite the same as though the grain had been harvested under more propitious circumstances. This being the case, one must be prepared to have hedging pressure a little heavier than had been previously anticipated. On the other hand, the incentive to the farmer to take advantage of the loan is so great that probably every effort will be made to hold back for a while, if it appears as though the grain would stay in condition. For the moment it does bring a little more uncertainty into the picture, as after all, the only reason for expecting any bullish activity in wheat is on account of the loan program. It naturally makes a vast difference as to the final quantities that will be impounded,and just to prove this we can satisfy ourselves by knowing that if there were no loan at all, wheat prices would be very depressed owing to the statistical situation.

Receipts in the Northwest were still quite small, and Minneapolis and Duluth reported only 432 cars in those markets today, which was actually less than a week ago, and incidentally, a little less than a year ago. Therefore, it is quite obvious that hedging pressure up to this time has not been important insofar as spring wheat in concerned.

There is apparently some disposition to await the President's talk on Labor Day, and while it is common knowledge that the administration is trying to combat inflationary tendencies, it has also been stated that no rigid price structure is anticipated for agricultural products. We can see little difference whether ceilings for corn and wheat are placed at 100% of parity or at 110%, so long as both these commodities are selling way below that figure. We can naturally understand why it is desirable to keep downthe cost of living, but taking wheat as an example, certainly its price is not excessive, being only about half as much as during the first World War, and so long as the tremendous surpluses continue to be with us, there is no great danger of inflation. Past experience has always shown that even during inflationary periods,certain articles lagged, particularly those that had been produced in abundance. We, therefore, would doubt very seriously whether grains would be singled out for an attack under these circumstances.

Primary receipts were moderate at 1,396,000 bu compared with 1,179,000 bu last week, and 1,507,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 93,000 bu.

Volume of trade was not particularly large, and the best prices of the day were not maintained, despite the fact that Minneapolis futures gained some ground on Chicago. In this connection, it is felt that their futures may have been at too big a discount under us, Final prices were 1/4¢per bu lower.

Corn was rather indifferent during much of the session, and there was no important support to the market early when wheat prices were higher, but buying of September corn during the last half hour of trade gave the market a rather steady close.

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CHICAGO Sept. 3, 1942.

During the ten-year period, 1930-39, we were sowing an average of 98 million acres to corn, and this covered the drought period, but there were also some good years. The average crop during that time was 2,307 million bu. Just to show how difficult it is to exercise crop control, we have at present less than 89 1/2 million acres of corn planted. There were numerous complaints at the start owing to the fact that excessive rainfall had prevented the farmers from getting into the fields and cultivating properly, but growth was luxuriant and there were hardly any instances where general deterioration was reported, with the result that one of the private experts this morning is estimating production at 2,849 million bu, which if borne out would be about 542 million bu more than the average. It was only two months ago that the government had estimated the corn crop at 2,627 million bu. So during the sixty-day span there has been an improvement of 222 million bu in the prospective yield, with the possibility that we shall raise nearly 32 bu to the acre, which would be a record for all time. Very little attention was paid to this report, as it has been common knowledge that the government would undoubtedly raise its estimate later in the month. Moreover, feeding operations will take place on a scale probably never before reached.

It is also considered likely that, despite some adverse weather in the Northwest, the spring wheat crop will probably show improvement over the August figure, although recent rains have been extremely heavy, and even excessive, over a large part of the spring wheat territory. A little more attention is centered on these developments, and much will depend upon the quality of the wheat after it is harvested. We have seen in recent loan years that where the incentive was very great the farmers in one way or another were able to dry out the grain and thus store it either on the farm or have it dried at terminals so that they could take advantage of the loan. This year is slightly different in that storage space was fairly well filled at the end of the last crop season. Moreover, the rains have been so general that it is not yet easy to determine what the final outcome will be. The Minneapolis market, which has been at practically a full shipping difference under Chicago, was again rather weak in today's trade, and this had some bearing upon prices here, with volume of trade comparatively light and hedging pressure extremely unimportant.

Primary receipts amounted to 1,516,000 bu compared to 1,387,000 bu last week, and 1,012,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 147,000 bu.

Northwest weather was construed as more satisfactory for harvesting operations. Light to heavy frosts were reported from the Detroit lakes north to the border and extending well into North Dakota. A few days without rainfall would, of course, be a tremendous help in order to dry things up. As we look at the Weekly Corn and Wheat Region Bulletin, North Dakota and Minnesota have had too much precipitation at almost every reporting station.

Milling demand was more or less absent today, and this was rather disappointing as no further hedges of consequence had to be removed. We note from the last statement of wheat loans that 71 million bu of the impounded grain from the current crop is stored in warehouses. Kansas is still in first place, with more than 20 million bu frozen, but coming as a close second is Oklahoma, with only about one million bu less; Texas is third with 11 million bu impounded, and Nebraska in fourthplace, with 5 1/2 million bu. The rest is pretty well scattered; of course, there has not yet been sufficient movement in the Northwest to give us the story for the spring wheat areas. Final prices were about 5/8¢ per bu lower.

Corn was quite strong early, but hedges in the December future took the edge off the market.

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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

September 4, 1942

Last year 502 million bu of wheat was ground for human food con-
umption, but this was the first year in twelve that we exceeded the
lf-billion-bushel mark, as in all the other years the requirements
re slightly less. The government figures that for the current season
shall use 518 million bu, and while this is only an estimate, they
obably have in mind that additional quantities may be needed for Army
d Navy use, and then, also, we are enjoying a period of prosperity.
any event, we have no quarrel with the figure, and, therefore, shall
ok at some of the other items which they have tabulated. They have in
nd that 150 million bu will be needed for feed. This would be about
million bu more than last year, and possibly with their program of
lling 125 million bu of wheat for such purposes, they are correct in
is estimate. For all other disposition they estimate 148 million bu,
d the latter would include exports, wastage, seed, etc., and this
pears to be a rather high figure, although, of course, nobody can
ll at this time what quantities will be consumed for commercial alco-
l, etc., but taking all of their figures and totaling them, it sug-
sts that 816 million bu of wheat will be used both at home and for
port. On that basis, our carryover next July would be 774 million bu,
a record high for all time. This is based on present production fig-
res, and, of course, would have to be changed with any increase or de-
ease in the final crop yield.

We are tabulating below the comparative figures which have been re-
ased in the August 1942 bulletin, calling attention to the fact that
l 1942 figures are merely estimates:

(million bushels)

EAR	FOOD	FEED	OTHER DISPOSITION	TOTAL	CARRYOVER 6/30
940	490	110	112	712	385
941	502	103	96	701	633
942	518	150	148	816	774

Eight weeks of the present crop year has passed and total exports
ve amounted to less than 3 million bu, including wheat and flour,
d, therefore, it promises to be a rather small year, possibly the
me as last season, when we cleared about 21 million bu. Our exports
other directions seem to be equally small, and shipments of rye are
w at low levels; so a record carryover at the end of the season is
pected. The Bureau of Agricultural Economics estimates that total
sappearance of this cereal in 1942-43 may not be greatly different
om that in 1941-42. They admit that more rye probably will be used
r feeding purposes because of increased demands, but on the other
nd use by distilleries will be smaller. Little change is expected
the quantities used for food and seed.

With the tremendous surpluses that exist everywhere, not much at-
ntion is paid to Southern Hemisphere developments, although the first
ficial estimate on Argentine acreage shows decreases in all grains.
eat is down about 12%, but with a remaining surplus of 180 million bu
can make little difference as to whether the final results are a
ttle larger or smaller, particularly with wheat and flour shipments
ntinuing at a very small rate, less than a million bu having been
eared last week. There will also be a smaller acreage planted in
stralia; eleven million acres may be sown, which would be the smallest
any time during the past five years. There has been a gradual re-
ction in that country, and we call attention to the fact that back in
38-39 nearly 14 1/2 million acres were sown. There, too, exports are difficult
e to the loss of markets in the Orient and shipping difficulties to
rope.

Primary receipts were 1,300,000 bu against practically the same quan-
ty last week, and 1,592,000 last year. Kansas City and Minneapolis
ocks so far this week show a total decrease of 303,000 bu. A year ago
e visible wheat supply increased somewhat over 3 million bu, but it is
different story now, with the Northwest movement so light. However,
ying conditions are reported, and in some sections harvesting opera-
ons have started again. It may take a little time before the wetter
ctions will be in shape for further operations.

Prices were slightly firmer on the theory that better weather will
ke more wheat eligible for the loan. Final prices were a fraction
gher.

Corn was slightly reactionary. Crop improvement during the past few
nths, together with the carrying charge have created a situation where
e yellow cereal has less friends than earlier despite the heavy feeding.

DAILY MARKET LETTER

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YORK COFFEE AND SUGAR EX.
MMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
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141 W. JACKSON BLVD.
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KANSAS CITY BOARD OF TRADE
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CHICAGO MERCANTILE EX.

September 8, 1942

The grain trade throughout the nation had awaited with keen interest the President's radio address, which was delivered last night. The part pertaining to agriculture was naturally most important from their point of view, and, therefore, every sentence dealing with this issue was carefully studied. It had been known for some time that in order to halt the inflationary spiral, drastic steps might be taken, and the President went so far as to say that if Congress failed to act at a time like this, he would invoke his war powers, which would authorize him to take any measure necessary for the prevention of national disaster. Earlier in the day, the Chief Executive had sent a message to Congress, calling attention to the fact that the farmer, instead of looking forward to a new collapse in farm prices at the end of the war, should be able to look forward with assurance to receiving a fair minimum price for one or two years after hostilities had ended. Such a national policy, he stated, could be established by legislation. He felt that we should continue computing parity according to the formula of the Bureau of Agricultural Economics, but in determining whether a commodity has reached parity, we should include all the benefits that are received by the farmer from his government under the AAA program. He thought it was unfair to give the farmer parity as well as additional payments, and the trade construed this as meaning that there was no objection to producers receiving a price equivalent to at least the loan level, the balance to be made up by various other bounties.

There are, of course, some agricultural commodities, such as hogs, the present prices of which are now higher than the parity level, and it seems that the OPA is expected to place the first ceiling on a farm commodity within a few days on hog prices, with a cut from present levels possibly reaching $2.00 per hundred pounds. As for wheat, corn, rye, etc., which are selling under the loan price, the situation is different, and even though the President has now asked Congress to pass legislation specifically authorizing him to stabilize the cost of living, including the price of all farm commodities, it seems to be his purpose to hold farm prices at parity, or at levels of a recent date, whichever is higher. This clause seemed to give considerable encouragement to traders in the grain market today, and there was sizeable buying at the tap of the bell, with a good many lines reinstated on the theory that there would be no abrogation of the present law on those articles that are now selling at levels under the loan prices. As far as wheat is concerned, it brought the farmer 95 1/2¢ on August 15th, which should not be regarded as so very high in comparison with other periods, and the same refers also to corn, oats, rye, and barley. We are tabulating below farm figures covering these commodities for various periods as follows:

	5-yr.av. Aug.1909 to July 1914	August Average 1909-13	August 15 1941	June 15 1942	August 15 1942	Last Parity on Farms
eat	88.4¢	89.5¢	88.5¢	95.7¢	95.4¢	134.4
rn	64.2	70.9	70.0	81.9	83.4	97.6
ts	39.9	40.9	32.5	46.5	42.6	60.6
rley	61.9	60.1	42.6	59.0	56.7	94.1
e	72.0	72.4	49.4	52.4	49.2	109.4

The visible supply increased 429,000 bu, making total supplies in all positions 217 3/4 million bu, or about 6 million bu less than a year ago. However, with clearing weather in the Northwest, spring wheat movement should pick up shortly, and thus change the situation. Chicago stocks decreased 48,000 bu, leaving 10 1/2 million bu still here.

Best prices of the day were not fully maintained, and some people point to the fact that in all considerations, no thought is given to fundamental issues and to the final disposal of wheat with surpluses piling up. Last prices were 1 5/8¢ a bu higher.

Corn was less buoyant than wheat but improved, while rye prices were very strong, and this cereal is selling so far under parity levels that some speculators believe if there is to be an effective floor under commodities that rye has a chance to improve, despite the bearish statistical position.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 9, 1942.

The marketing of grain has been considered in all countries ind in all times a matter of grave public concern. In modern times, he great central grain markets have reached an importance in the istribution of food supplies never before attained. The grain exhanges are now standing at the crossroads and are threatened with xtinction unless Washington can fully perceive the seriousness of he situation and will stop all action that will tend to further retrict futures trading in grain. Plans are already under way for the stablishment of floor prices when the war is over, and gradually ree enterprise is being so handicapped that the very issues for hich we are fighting the totalitarian system are almost those which e ourselves are seeking to continue. Private interests cannot enlure if the government finally takes over the entire grain business y having floor and ceiling prices so close together as was the case n soybeans. It has taken generations to build up an organization uch as the Chicago Board of Trade to its present point of efficiency, ut it will not take long for this system to collapse if government ntervention continues, and it may then take years before we can build t up again. Even the banks, whose very safety in making collateral oans depends upon hedging operations, are taking little issue on the uestion, which, to them, should be paramount.

During this whole period, wheat surpluses in the exporting counries are piling up. Canada has a crop and carryover of about 950 illion bu, leaving nearly 800 million bu for surplus. Whatever the xplanation may be, Argentina has increased her surplus by 80 million u in the course of the year, and shipments to Europe are gradually alling off as the tonnage position becomes more acute, so that before he war ends, exports from that country may be limited almost entirely o neighboring countries. Farmers in Britain are harvesting a record rop, and preparations are now under way for the plowing of 600,000 dditional acres to wheat; so with reasonable weather Britain might roduce nearly 50% of her requirements next season.

For us to be fearful of an inflation in wheat under these cirumstances, would hardly make sense to any well informed economist. eiling prices are certainly not necessary in wheat, with the governent holdings at a record top and increasing steadily through the urrent year's loan, which may later lead to default.

The weather in the Northwest has permitted harvesting operaions to continue with the result that Minneapolis and Duluth wheat eceipts totaled 598 cars compared with 390 last year. This gave us larger primary movement at 2,609,000 bu versus 1,396,000 bu last eek, and 1,190,000 bu last year. Kansas City and Minneapolis stocks o far this week showed a total decrease of 269,000 bu.

Despite a rather draggy spot market in the Northwest, Minneaolis futures were very strong, and led the advance. Buyers were enouraged over the prospect of a floor price. This was especially true n rye, where final prices were very strong, although all grains hared to some extent in the advance. It is extremely difficult to ry to gage the market from this level, as so much will depend upon olitical activities. Carrying charges in wheat have shown a narrowng tendency, especially between December and May; the theory of this s that May wheat is pretty close to the loan price, while cash wheat s still selling at a discount, and it has not yet been determined hat provision will be made for carrying charges under the proposed egislation. Final prices showed an advance of nearly 2¢ per bu for ecember.

Corn was reasonably strong, with too much wet weather in Iowa or the best maturity of the crop, and the same was true in other ocalities, although the weekly government report claimed that proress was generally satisfactory, but more rapid advance toward maturty is desirable now, and that the crop is a little behind schedule in ost sections, principally because of dampness. Another two or three eeks of favorable weather is necessary to insure corn against frost amage, even though a little cutting is already taking place as far orth as the southern part of Ohio.

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CHICAGO MERCANTILE EX.

September 10,1942

There was no special grain news overnight but the recent advance carried May wheat to the $1.30 level, which is not far from the loan price at Chicago. This apparently created some caution, despite the fact that cash wheat is still selling at fair discounts under the loan. It must also be considered that once the grain has been impounded, it is not likely to come back on the free market until there is a fair incentive to redeem it. Then, too, the accumulated charges would have to be borne; so, our experience has taught us that if the grain remains frozen for six or seven months, it takes about 10¢ above the loan figure to really bring it back again into ordinary trade channels. In any case, a more conservative feeling prevailed, and some of the recent buyers were content with taking profits.

Up to the present time, surplus countries have not shipped much wheat to Russia, although the amounts might be somewhat larger than are indicated, as Britain has re-routed some of the grain which she had purchased from Canada to her Northern ally. Just how serious the crop situation is in Russia is difficult to determine, as not much news is disseminated on this subject. But the Germans have undoubtedly advanced over some of the richest grain lands in the Soviet Union, and according to one authority, no less than 45% of Russia's wheat was grown in the areas which are now occupied or menaced; in other words, the Ukraine, White Russia, the Kursk, and the Voronezh provinces. There is also the Azov-Black Sea region, which is one of the most fertile of all territories in Russia, the Crimea, the Northern Caucasus, and the Stalingrad region to be considered in these calculations, but this 45% includes both winter and spring wheat. Possibly due to the fact that the winter wheat crop in the United States is so much larger than spring wheat, many traders have the wrong conception of Russia, but over there just the reverse is true; therefore, the loss of the spring wheat territory is proportionately smaller, - possibly about 30%. A good deal of the Soviet rye crop has likewise been menaced, and putting all of the acreage together, there is the possibility of an immediate loss of about 72 million acres of some of the best wheat and rye land out of a total acreage of 170 million. Others have told us that since 938, more and more lands have been cultivated in the interior, and to that extent there are some offsets, but, nevertheless, even with great economies, Russia will undoubtedly be a factor in importing grain sooner or later.

Today's Northwest carlots of wheat were 620 for Minneapolis and Duluth compared with 506 last year. Minneapolis prices were sharply lower at the opening, following the rather frenzied close yesterday, and spreading operations brought back a more normal relationship between their market and ours. There seemed to have been a very good flour business overnight, with the result that a considerable number of hedges were taken out of both the Northwest markets and our own, while Kansas City also benefited to some extent in this business. This was a stimulating factor and offset profit taking on part of speculators, so that prices held rather firmly.

Primary receipts were 1,565,000 bu, which was about in line with last week, when they amounted to 1,516,000 bu; this compares with ,551,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 302,000 bu.

Despite a very large volume of flour business, markets were rather quiet, and apparently recent buyers were willing to sell out for the time being to await further political developments. The spread between December and May widened somewhat, and there seemed to be more confidence again that regardless of the government plan for either floors or ceilings, carrying charges would be taken into the reckoning. Even in soybeans, the cost of carrying this commodity has been recognized by federal authorities. Final wheat prices were 5/8¢ per bu lower for the nearby deliveries.

Corn was rather indifferent, and it has been lagging somewhat during recent sessions. The feeding ratio compared with hogs is 16.8 compared with 17.1 for the previous week, and 14.3 last year.

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CHICAGO MERCANTILE EX.

September 11, 1942

The grain trade was presented with two government reports after he close of the market yesterday. In ordinary times these would have ad considerable influence, but everything is so artificial that it is enerally taken for granted that at least during the war, price levels ay be pretty well stabilized both in Canada and at home. Nevertheless, t is worth while to take note of certain facts that are so outstanding, that they are almost bound to have their repercussions as time oes on. Now assured of a wheat crop close to a billion bushels, it is he second largest in history and was produced on a rationed acreage. anada has a total prospect for a yield of 615 million bu, which is bout double last year. It is by far the largest quantity that was ever aised, also having been produced on a small acreage, and thus, it is pparent that acreage control by both governments has been a complete ailure. We must admit, however, in all fairness, that there may never ave been more ideal weather and moisture conditions. All crops turned ut well, and with more than 3 billion bushels of corn indicated for arvest, it is the third largest crop ever raised, while soybeans have promise of 211 million bu, which is practically double the amount aised the previous season, and more than anyone could have anticipated. he government has guaranteed farmers $1.60 a bu for their beans, and e see no chance of abrogating this agreement, but it is interesting rom point of view that the American producers of soybeans, flaxseed, otton seed, and peanuts have more than made up for the fats and oils ost to the United States through Japanese conquests in the Southern acific. This is another indication of how important the price is in ontrolling production. With the incentive so great, it took the farmer little time to respond.

We have always held to the theory that high prices and small production were a contradiction except for short periods. Therefore the igh loan may finally prove to be too much of a burden, particularly o Canada, a country with a small population which cannot afford such uxury of even the 90¢ wheat guarantee. Total Canadian wheat stocks, ncluding carryover of 424 million bu, amount to 1,039 million bu at his time. In the United States, with a reserve stock from previous rops of 633 million bu and total production of 982 million bu, we tarted the crop season with a wheat supply of 1,615 million bu. Therefore, North America had a total quantity of 2,654 million bu, which is o stupendous that all comparisons with other years would be odious.

Under such conditions, we see little reason for concerning ourselves with inflation, at least insofar as wheat is concerned. Nor does he ceiling price bother us from point of view of the trader who has een virtually promised that no action would be taken until about parity levels had been reached. The all-important item is the floor price. his we understand is being considered in the drafting of new legislation and should temporarily form the keynote of any price calculations lmost regardless of the statistical situation. Nevertheless, it seems trange that with the burden of supplies almost insurmountable, the aw-framers at Washington do not consult more with the grain trade in rying to work out a program.

Primary receipts were 1,664,000 bu compared with 1,300,000 bu last week and 1,435,000 bu last year. Minneapolis and Duluth wheat arlots were 762 versus 425 a year ago. Kansas City and Minneapolis tocks so far this week show a total decrease of 469,000 bu. When the visible supply is posted on Monday, it will compare with an increase year ago of about 2 million bu.

We are now in the calendar period when ordinarily declines are o be expected, but everything is so different now that it is hardly roper to anticipate too much hedging from the Northwest. Therefore, mmediate forecasts are difficult, and the trade will continue to wait further developments from Washington. Final prices were 5/8¢ bu lower.

Corn was influenced by the bearish government report, but considering that the figure was such a great surprise to the trade it ight be said that the decline was extremely moderate. The increase n crop prospects since August amounted to 262 million bu, which is early as much as is sometimes raised in the Argentine.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO September 14, 1942

At a time when legislation is being considered for ceiling prices
nd possibly floor levels, also, it might be an opportune time to con-
ider what the situation was before we had farm legislation of any kind.
rior to the enactment of the Farm Board Law in 1928, we had rather
atisfactory conditions not only in this country, but also in the world.
n the six years from 1922 to 1927, the world carried over on an aver-
ge 542 million bu from one crop to the next. There were no tremendous
urpluses anywhere, and on the whole the farmer seemed to be satisfied
ith his status. He certainly should have been, as the price which he
eceived for his wheat was also a very satisfactory one, and during
hose years averaged $1.32 3/4 a bu basis Chicago. The lowest level
eached at any time was in 1923, when the wheat price averaged $1.05 a
u, but in most years it was considerably higher. Despite this ideal
ituation that surrounded the wheat market, there was great agitation
o do something for the farmer, and gradually we had the Farm Board.
resident Hoover and his advisors at that time gave such encouragement
o all farmers in the world that something would be done for American
griculture, and there was such tremendous faith that this country,
ith its great resources,would be able to stabilize prices that it was
he beginning of acreage expansion everywhere. As a matter of fact,
he world's carryover has never since been as low as it was during the
ix years prior to the Farm Board Administration except in 1937, when
he reserve dropped to 512 million bu. In most years since 1928, it
as considerably more, and while the war had something to do with it,
t the end of 1941 the carryover figure had risen to 1 1/2 billion bu.

To emphasize what all this artificial planning has meant, the
nited States alone had more wheat on hand July 1, 1942, when the
omestic reserve was 633 million bu, than the whole world used to carry
ver in former times. The chances are that, despite the tremendous
ums which are being spent for acreage reduction, we shall have about
00 million bu to carry into the next crop, and Canada may have nearly
s much. So evidently there is something wrong with the schemes that
ave brought about these great distortions. To what extent we shall
e able to give wheat away after the peace and get our house in order
s still a question, but it may take many years even if we offer the
rain gratuitously to war-stricken Europe before we can return to the
ituation which we forsook in 1928 when all the trouble started.

Today's news from Washington suggests that the ceiling price
ould be estsblished either at parity or else the highest market price
or that commodity that was reached between January 1st and September
5th, 1942. This we take it will mean that hog prices and other com-
odities presently selling above parity will not be reduced, but grains
ill have considerable latitude, inasmuch as they are selling even be-
ow loan levels in practically all cases. Whether there will be legis-
ation to include farm price floors now or at a later time has not been
ettled, but Senator Bankhead indicates that he intends to seek this
rovision. Consequently, we had a generally higher market, especially
rye, as the latter is selling very cheap compared to other cereals
d is also way below parity.

Primary receipts were quite large at 3,371,000 bu; a week ago
here was a holiday, and last year they were 1,591,000 bu. The visible
pply decreased 266,000 bu; total stocks in all positions are 217 1/2
illion bu, or about 8 million bu smaller than last year. At Chicago,
here was an increase of 377,000 bu, making local stocks nearly 11 mil-
on bu.

While markets had a very good undertone, best prices of the day
re not maintained; in wheat there was undoubtedly some profit-taking,
May wheat sold at $1.30 7/8, or only about 1¢ from the loan price.
the other hand, cash wheat is still selling at a big discount under
e loan, and during the past week about 21 million bu was impounded,
king the total 113 million bu from the 1942 crop. Final prices were
out 1¢ per bu higher.

Corn lagged, and the 3-billion bushel crop is still very im-
essive. Rye, which is the cheapest of all grains on basis of price
one, seems to be gaining friends, and those who believe there may be
floor are inclined to make purchases even after the recent sharp
vance.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO September 15, 1942

While there are a good many commentators who are discussing the agricultural program, very few of them have mentioned that in the anti-inflation fight the government itself is largely responsible for those articles which have advanced most. For example, hogs and the various derivatives; also, other meats, dairy products, including butter and eggs, have been bought in such large quantity for Lend-Lease purposes that it was hardly possible to expect anything except higher prices with the demand so stimulated. Even in wheat, in which our export demand has been almost entirely cut off, it has been largely the government loan which has inflated the price by at least 60 to 70¢ a bu in affording a program that would tie up large quantities artificially. We do not claim to know much about politics, and, therefore, cannot guess what sort of plan will be adopted finally. It is safe to say, however, that to call the present program one of anti-inflation is a misnomer, and particularly so when all efforts are in the direction of raising the ceilings and also the floors after the President had told us for several weeks that the country was facing disaster unless both wages and farm prices were held in check. The way things are actually working now, we have almost come to the conclusion that many of our legislators are willing to commit themselves to freezing whatever inflation has occurred thus far into the post-war economy. When we start talking of having floor levels for various grains for a period of three years after the war is over, without even knowing how long the war will last, it is certainly an ambitious program. As we look back at the past three years to see what economic changes have taken place, how can anything be planned that far ahead? Unless we are willing to definitely embark upon a program of subsidies for exports, any policy that is now introduced is bound to cause grave complications, insofar as American participation in the post-war international trade is concerned.

Nevertheless, we have to accept the facts as they are, and it was a foregone conclusion before our market opened that higher prices would be recorded today, as there was nothing from Washington to indicate that any real measure might be adopted that would depress prices. Only Mr. Henderson, in commenting on the joint resolution introduced in the Senate, made it clear that limiting farm price ceilings to the highest market price between January 1 and September 15, 1942 would mean that all the inequities and the unusual situations would be frozen in the price picture. Others, however, observed that the country should not go back to where it had been with lower prices, and thus the stage was set for a moderately higher market today, with May wheat advancing to $1.31 a bu, which was not far from the loan level.

Little if any attention is paid to statistics either at home or abroad. The Argentine wheat surplus is estimated at 190 million bu; corn at 414 million bu, and both of these figures are abnormally heavy. However, the new crop is generally backward due to dry weather. In Australia, new wheat is progressing favorably. The government has approved a proposal to pay wheat growers a guaranteed price of about 80¢ a bu at country sidings for the first 3,000 bu of wheat produced. On all subsequent production only half as much will be advanced.

Primary receipts were slightly over 2 million bu today compared with 2 1/2 million bu a week ago after the Labor Day holiday, and 1 1/2 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 126,000 bu.

After going into new high ground on the present turn, there was profit-taking on Mr. Henderson's warning and local selling ensued. Final prices were 1/4¢ per bu lower.

Corn lagged and there is no particular romance to this cereal, with the 3 billion bu crop soon to be harvested. Rye at times was very strong; it opened on a wide range, and trade was extremely active.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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CHICAGO MERCANTILE EX.

September 16, 1942

It is generally expected that during the next two weeks all kinds f reports and statements will be forthcoming from Washington, as Octo- er 1st is presumably the deadline for anti-inflation legislation. The resident in no uncertain terms requested the Congress to draft a law n order to check advancing prices for agricultural commodities and ages, and we presume that, as usual, the parity idea will be incorpor- ted in whatever statute is finally drafted. Parity was first incor- orated in the Agricultural Adjustment Act of 1933 and again in 1938. t one time it was an expression little understood by anyone outside f the grain or commodity business, but since the President referred o it in his recent radio message, everyone seems to be discussing it nd asking questions as to what it really is. In brief, it is a for- ula that was originally worked out by one of the crop experts in an ffort to obtain a better relationship or exchange for the articles hat the farmer bought as compared with those he had to sell. As the ase period, 1909-14, was the most satisfactory from standpoint of the roducer, this relationship has more or less made national history. ince it has apparently been determined to give the producer the great- st possible benefits, we doubt whether anything will be done to de- ress those commodities which he has for sale. Therefore, it is hardly ikely that, insofar as grains are concerned, ceilings will be placed elow the so-called parity limit, with due consideration possibly given o the various direct bounties which are received from the federal reasury.

As against those who have only the farmer in mind, there is, of ourse, Mr. Henderson, who realizes that food forms the largest single tem in the budget of most families, possibly 25 to 35% being spent very year for these requirements. Since retail food prices are natur- lly affected by farm prices and cannot be controlled unless steps are aken at the source, the OPA Administration has taken exception to the e provision of the proposed legislation which would net farmers ither parity levels or else recent market prices, whichever would be igher. It is, of course, his contention that those commodities which e apparently overpriced on basis of parity should be lowered, but is is always the difficulty in any controlled economic setup. It is ust like throwing a bone at a dog and then trying to take it away from m.

Nobody ventured very far from shore under these circumstances, as e uncertainties were too great. The same naturally refers to flour yers, who likewise are unable to see the picture too clearly. There s a sharp spurt last week in new orders, but most of the activity overed a period of two or three days, being well divided between family d bakery trade, and since that time the demand has slumped consider- bly, and we doubt whether there will be much improvement until legisla- on assumes a more definite form.

Minneapolis reported that there was a considerable quantity of w moisture wheat arriving, but this may have originated in local- ies where the rains had not been excessive. Recent heavy moisture s undoubtedly created some low protein wheat, which is tough and ich may not be eligible for the loan. This may later give us con- derably more free wheat than anticipated. In the meantime, the untry movement was somewhat slowed up, which is naturally a good ing for the market, as Northwest elevator space is becoming very scarce.

Primary receipts were 2,319,000 bu compared with 2,609,000 bu st week, and 1,234,000 bu last year. Kansas City and Minneapolis ocks so far this week show a total decrease of 277,000 bu.

Late in the session rye turned weak; short covering operations re apparently completed. Also, there was cognizance of the fact that are on an import basis from Canada even with the duty. Weakness in is cereal spread to other pits, and with some liquidation wheat was nally about 3/8¢ per bu lower, with the May wheat gaining.

Corn was reasonably weak, also. Disappointed holders were ap- rently on the selling side most of the day.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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141 W. JACKSON BLVD.
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

September 17, 1942

A great deal of confusion still surrounds the request of the President for an anti-inflation bill. With the many statements emanating from Washington, there are still no clear-cut conclusions to be drawn, although in following the remarks of those who are close to formulating laws and policies, some ideas of the trend are becoming a little clearer. Senator Prentice Brown in a radio talk last night is quoted as opposing any floor price for the moment. According to a press dispatch from Washington, Senator Bankhead also apparently does not feel that definite floors are necessary at the present time, as the loan value on farm commodities in his opinion more or less forms the floor. However, he is in favor of raising the loans from 85% of parity to 90%. Some thought had been expressed that there would be a change in the method of computing parity to include the increased cost of farm labor, as the President in his message had used the term "cost of labor." But the Chief Executive seems to be unalterably opposed to any move to change the existing parity formula, and it is pointed out that parity is an adjustable figure and that labor costs are considered in the present formula.

To those who have devoted their life's effort to the marketing of the farmers' products, the fears of inflation as far as grains are concerned are a little bit difficult to comprehend. In ordinary terms, inflation occurs when the demand for goods is greater than the supply. Certainly this does not hold true in grains, and what advances have taken place in wheat have been due in the most part to the increase in loan prices offered the farmer from season to season. On September 5, 1939 which was the first trading day after England declared war against Germany, December wheat closed at 81 5/8¢ a bu. The loan price offered by the CCC to the farmer was 80¢ a bu, basis Chicago. Yesterday, December wheat closed at $1.26 1/4 a bu; with the loan price for 1942 wheat at $1.32, basis Chicago. Moreover, in spite of all our economic planning over the last eight or nine years, and in spite of acreage cuts, the wheat crop since the season 1934-35 has steadily increased from approximately 526 million bu to the present year when the last government report estimates the crop at 982 million bu. During this period, there were only two exceptions: namely, in the crop years 1939-40 and 1940-41; the outturn decreased somewhat from the 1938-39 yield. Furthermore, starting after 1933-34, when we still had a hangover from the Farm Board era, the carryover has increased with the exception of one drought period, 1936-37, until now we have a carryover of wheat in this country of over four times what used to be regarded as normal, and a large proportion is under control of government agencies.

The feature of both the Federal and State reports for Illinois was that the outlook for corn on September 1st was for a yield per acre of 51.5 bu, which is only 1 bu below the record year of 1941 and 1/2 bu below the 1939 yield, and compares with the ten-year average 1930-39, of 36.2 bu. On soybeans, the prospects are for the largest acreage and production on record to be harvested for beans. They also point to more than average prospects for oats.

Primary receipts total 2,033,000 bu as compared with 1,565,000 bu for the same day last week and 1,356,000 bu a comparable day of last year. So far Minneapolis and Kansas City stocks show a net decrease this week of 451,000 bu. In the Northwest 627 cars were received, of which about 146 were for the government agency. There have been some further rains and harvesting may be further delayed. Apparently the mills were good buyers in the Northwest market.

Our market opened firm, but when messages were received of the President's opposition to any change in the present parity formula, some liquidation set in, and at the close December wheat was 1/8¢ a bu lower.

There was nothing particularly new in the corn news. There was liquidation on part of locals, but offerings were well taken. Same is true in rye. Whether or not there will be finally floor prices set, will have quite an effect on that cereal.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 18, 1942.

By the time this letter is read, the definite terms of the Senate anti-inflation bill may be known. But in the meantime there has been more or less promiscuous use of the words "floor", "Ceiling," etc., which had led to continued confusion among traders. There are some indications that the bill may contain floor prices to cover a post-war era. It has often been suggested in commentators' remarks that the plans include a war until1945. If the anti-inflation bill should contain the provision for a post-war period of three to five years, this would bring us somewhere between 1948-50, and it does seem rather difficult to visualize at the moment, with the rapid tempo of the world, how economic plans could be made that far ahead. One might question whether some of the planning is for idealogical asperations or for practical purposes. Most people realize that even in a democracy, the building of a successful war organization necessitates much regimentation. During the past fifteen years, governments have attempted to lift wages and prices by the restriction of production; they have attempted to dictate to business; they have attempted to find shortcuts for economic ills caused by the last World War. Feeling has been hostile to free enterprise, and there has been coercion of business, and in some countries of labor and agriculture. In this country, bureaucracy has been on the increase and certain pressure groups have been able to exert great influence. In Germany, it led to Nazism, and in Italy to Facism. There is a rather delicate balance between bureaucracy in a so-called Democratic country, and complete totalitarianism. The last war was supposed to have been fought for the survival of Democracy. This present was is being fought for the preservation of the ideals of a free people.

While the readjustments will be extremely severe after peace again comes to the world, the questions arise; Will we have permanent peace through the continuation of a managed economy and its pitfalls, or by instilling into the countries of the world in general the ideas of a representative form of government? Will we continue some of the errors of the past twenty years in building up trade barriers preventing a freer exchange of international goods? Will be continue forms of subsidies which hold up by the bootstraps the marginal and less efficient producers and which penalize purchasers of our products and encourage the opening of new lands in other countries? Will the world be dedicated to a policy of a narrow Nationalism, which has caused many ills and maladjustments in the past twenty years, or will we again get back to the policy of internationalism, with its free intercourse among nations? If the United States is to do its share in the rebuilding of the world and in the advancement of the more backward countries, will profit still be scorned, or will there be a recognition that there must be a reward for the investment of "risk" money?

Primary receipts today totaled 2,195,000 bu versus 1,664,000 bu last week, and 1,332,000 bu last year. In spite of fair-sized receipts in the Northwest, Kansas City and Minneapolis show a total decrease so far this week of 554,000 bu, which would suggest very little change in the visible supply on Monday, compared to an increase a year ago of 1,404,000 bu.

In the first part of this letter we referred to the promiscuous use of words, and the early trade today was somewhat stimulated by talk of "floor" in some press dispatches, but it would appear from later articles that many senators figure the loan prices form a floor under the market. Despite rains in the Northwest, receipts in Minneapolis were 813 cars. Offerings were apparently well taken by mills, and there was some evidence of hedging sales from that source; however, wheat retained some of its strength. At the close December wheat was 3/8¢ per bu higher.

There was very little news in corn, but rye again showed some activity. Whether or not any part of the proposed legislation will be of benefit to the latter cereal, still remains to be seen.

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CHICAGO MERCANTILE EX.

CHICAGO September 19, 1942

We are departing from our usual custom of not writing a market letter on Saturday, but we believe that the proposed Senate and House bills on the anti-inflation program are of such paramount importance to the farmers, bankers, who in the past played such a prominent part in assisting the financing of the movement of crops, and to the handlers of grain, as well as to the trade with its many ramifications, that we wish to call attention to the import of this action should the bills become law in their present form.

In the first place, what does it mean to the producer? Using the last government figure, farm parity on wheat was 134.4¢ per bu and 90% of parity would be 120.96. Under this narrow spread, it would seem from the surface that a farmer who has taken the loan and stored his wheat off the farm for a period of seven or eight months would hardly be able to cover the charges should prices advance to parity. Therefore, he would not be able to redeem the loan, and instead of any of this wheat seeking its way into free channels of trade, it would be defaulted to the government agency. The compliance farmer today is supposed to receive, besides the loan, soil conservation and parity payments to bring his product up to parity. If the loan value is raised, then it would seem reasonable to expect that parity payments will be lessened. So in the final analysis the net income would not be increased. On the other hand, the non-compliance farmer would face the possibility of receiving a higher price for his product, provided that an advance in loan price would be reflected in the market.

Naturally, no one can forecast how such a bill would be administered. On the basis of the present loans, very little premium is allowed for high test and high protein wheat. As every grain man realizes, there are many grades of wheat by weight and by protein content, and no two crops are similar in quality. In the past premiums for the high-grade wheat and discounts for low grade have been dictated by supply and demand. Unless adequate provision is made in the bill, it may be possible that the highest test and best grades of wheat might not be able to sell over the 100% parity price. Therefore, they may become the ceiling, while on the other hand the loans could withhold the lower grades from the market and prevent redemption until practically 100% of parity. In the past, the market price has reflected ordinary wheat, while great distortions could take place under the proposed legislation.

As far as the handlers of grain are concerned, the question arises whether adequate provision would be made for the price of the more distant future months to cover storage charges. In Canada, since controls have been enforced, adequate provisions were made to reflect the storage charges in the futures price. Will the law to be passed permit this course of action to be followed in this country, or will the trade be up against an inflexible price ceiling, such as is now invoked in lard, in which both September and December are fixed at 12.90¢? Of course, unsurmountable difficulties would be placed in the way of the private trade, were no proper allowances made to cover handling and storage charges.

As far as organized exchanges are concerned, it looks like this bill would pretty nearly bring them to the crossroads. Unfortunately, the general public does not seem to be well versed in the purpose and duties performed by organized grain exchanges. They have paid more attention in the past to the spectacular news account of some speculator rather than to an understanding of the economic value of exchanges. Practically every citizen understands insurance; possibly many know all about Lloyd's of London and the way risks against fire, destruction, etc. can be covered. But very few appreciate that through operation of the exchanges the risk involved in price changes to the handlers of the farm products are greatly minimized. Futures trading enables the millers to choose their particular grades of wheat months in advance of the actual flour sales and to protect themselves in the interim. It is fundamental that the spread between cost and selling price varies with the amount of the risk involved in merchandising. If one goes into the grocery store to buy sugar, which is a very staple commodity; both the wholesaler and retailer can afford to handle same on a very small margin of profit, because the risk involved is trivial. If a woman goes into a store to buy a $5,000 mink coat, the mark-up between the cost and the selling price is rather large, because the risk to the handler is large. If the private trade did not have the use of the facilities of the grain exchange to hedge their purchases of the farmers' products, the margin between cost and selling price would have to be increased due to price rises, and ultimately, the farmer would be the sufferer in the price he would receive. Of course, this is predicated on the fact that private enterprise can continue. Leading economists in their studies have ofttimes declared that grains are handled on the smallest margin of profit due to the fact that the handler can get his risk insurance in the futures market.

As far as the bankers are concerned, grain paper has always beenconsidered prime collateral. Without the hedging market, this would no longer be the case. Furthermore, if the financing of the farmers' crops is taken away from the private trade, there will no longer be the need for bankers' services in this connection.

The bill is being passed as part of an anti-inflation progra. We pointed out in our market letter the other day that since the outbreak of the war, wheat has more or less followed the loan price, and if this pattern continues, then a 90% loan would mean that the consumers would pay more than under an 85% loan. The proposed bills are of such vital importance to all elements of the grain trade from the farmer to the banker that we feel the trade should be thoroughly acquainted with the terms of the bill while it is under discussio and possibly pass useful information on to others.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO September 21, 1942

The number of items produced on farms in the United States are numerous and varied, and only great confusion can be caused when trying to "bunch" all farmers' products into one group and legislate accordingly rather than to analyze conditions surrounding individual crops and adopting constructive methods applicable to that particular item. The Bureau of Agricultural Economics of the U. S. Department of Agriculture in tabulating some figures on parity and farm prices lists fifty-four farm items. They show that as of August 15th, the actual farm price received as a percentage of parity varies from 45% on rye, 71% on wheat to 166% on Georgia and Florida tobacco. When reports are made that food prices have been advancing at the rate of 40% a year since last spring, it is very difficult for those handling grain products to figure how these inflationary forces are affecting wheat, corn, oats, barley, and rye, and why it might be necessary to take steps that might have drastic effects and blockade the entire marketing machinery of grains. On April 1st, September wheat closed at $1.29, September corn at 92 7/8¢, September oats at 56¢, and September rye at 84 7/8¢. Saturday's closing quotations on these cereals, respectively, were as follows: September wheat, 124 1/2¢, September corn 83 5/8¢, September oats 49 7/8¢, and September rye 71 1/8¢.

Moreover, with such bountious crops as we will have this season in both the United States and Canada, it further would make it appear as though any action on grains is unnecessary. The table given below shows a total supply and carryover of the crops mentioned in North America of 9,515 million bu vs. 7,918 million bu last year:

TOTAL CROP & PROSPECTIVE CARRYOVER
(million bushels)

	U. S. A.		CANADA		
	1942	1941	1942	1941	TOTAL INCREASE
Wheat	1,615	1,330	1,039	791	533
Corn	3,516	3,317	688	346	199
Oats	1,547	1,400	28	13	489
Rye	90	67	282	120	38
Barley	499	428			233
Soybeans	211	106			105
TOTAL	7,478	6,648	2,037	1,270	1,597

If tobacco prices or pork prices or any other products have risen too high, then proper steps should be taken. But why any action is necessary on wheat, corn, oats, barley, and rye, none of which has risen to 100% parity, is difficult to comprehend. We have pointed out in recent letters that the wheat price during the last few years has tended to rise in relationship to the increased loan values; then 90% loan on wheat will tend to increase the cost of wheat products o the consumer rather than to prevent a rise. We again wish to point ut that the 90% loan and 100% of parity price might have very ser-ous repercussions to the marketing of grain. On the usual differ-ntial used in the past, Chicago parity price is 152.40¢; the 90% oan would represent a price of $1.39, and over a period of ten months, he accumulated charges would account for additional charges of 13¢, ringing the total price the farmer would have to pay to redeem his oan to $1.52, again illustrating that most of the loan wheat would ever be redeemed and would be defaulted. This undoubtedly would hrow a terrific additional burden upon the government agencies and ecessitate increased departments, and also, might cause these agen-ies to open many new local offices in order to dispose of their hold-ngs, and thus bring them more in competition with the private grain andlers, and probably cause additional charges to be made against he taxpayers in the United States.

(OVER)

The visible supply increased 306,000 bu as compared to 1,404,000 bu last year, and it now stands at 217,874,000 bu, or a decrease of 9,453,000 bu. Chicago stocks show an increase for the week of 117,000 bu, and total 11,062,000 bu. Primary markets wer 3,083,000 bu versus 3,371,000 bu last week, and 2,327,000 last yea Receipts in Minneapolis and Duluth totaled 1,821 cars, of which Minneapolis alone had 1,307 cars; while probably over 500 of thes cars were for the CCC, the receipts were well taken, and apparentl mills are shipping the wheat out.

Flour business was rather light, and with legislation sti uncertain many traders are taking a sideline position. Markets we rather inactive, and at the close December wheat was 3/4¢ per bu lower, and the May 5/8¢.

There has been some colder weather in the northern part o the corn belt, but not enough to have any substantial killing effe

Rye was under liquidation, as it is rather doubtful wheth the anti-inflation bill will place rye in the category of the basi crops.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO September 22, 1942

Today is presumably one of debate in Washington, where various sues of the anti-inflation bill will be argued. There are still two ntroversial points to be ironed out, and the grain trade is more or ss preparing itself for a somewhat higher parity conception, in event that farm labor costs are finally taken into the reckoning. s in itself would not be terribly important marketwise, but there another phase still unsettled: namely, whether the loan of 85 or % of parity would be reckoned upon existing parity or the new parity be established, and at this writing no one is quite sure on that int. Many people feel that the administration's forces still prefer loan of only 85% of parity, and insofar as the farmer's income is ncerned, he obviously does just as well as though the higher loan re invoked, owing to the other bounties which come from the Treasury. yet, if this is the only "bone of contention" Washington feels that Chief Executive might not veto the final measure for that reason one. The work involved in correcting the loans that have already n made by allowing for such a 5% change would be tremendous, and ld add greatly to the work of that department, particularly as so y of the loans have been made on comparatively small quantities of in. But, here again, we doubt whether the politicians will waver h if it appears expedient from their point of view to vote the her rate.

The overnight milling business showed some improvement, and ap- rently buyers of flour are influenced by the same reasoning as are culators. The removal of these hedges gave us rather firm markets; hough volume of trade was not particularly impressive. All in all, statistical situation hardly changes from day to day, and the sture situation in the Southwest is extremely optimistic, with nsas reporting August one of the wettest months on record. Frequent heavy rains in virtually all parts of the State will mean that ding operations will get under way favorably, and the past month the ninth wettest August in Kansas since records were started in 7. At the same time, the movement of wheat in the Southwest has n light, and while some grain may have been unprotected during the ly marketing rush, most of it has now found a satisfactory resting ce either in elevators or under cover, so that earlier fears of erioration from grain being piled up are now dissipated.

Broomhall's Argentine reports indicate that even with only 16 mil- n acres sown to wheat, there is the possibility of raising about 200 lionbu, which would provide about 100 million bu of surplus, and s is quite large under existing conditions. In normal times, Brazil ht take anywhere from 32 to 40 million bu, but since she is now at against the Axis Powers, she may try to live more and more on her resources in order to provide greater tonnage for carrying essen- l war materials to our shores. While Brazil has not yet been fully eloped, it has long been known that there is more land suitable for cultivation of cotton than in this country, but to what extent the l is satisfactory for cultivation of wheat has never been determined.

Primary receipts today were quite large at 2,456,000 bu. Duluth Minneapolis had nearly 1,000 cars of wheat in today, which was ctically the same as last week and last year. A week ago primaries unted to 2,069,000 bu compared with 1,708,000 bu last year. Kansas y and Minneapolis stocks so far this week show a net increase of 000 bu.

With uncertainties from Washington continuing, there was some rt covering in the last half hour of trade, with the result that sing prices were practically at the high point of the day. It was o the last session for trading in the September contracts, and the rby month was quite strong, but no particular significance can be ached to this, as not much business took place. Final prices were ut 7/8¢ a bu higher for the deferred deliveries.

Corn was dull, despite higher wheat prices. With apparently isfactory weather and a good crop prospect, there is no romance at moment. This may change later on with heavy feeding operations, in any event it is apt to take time, and meanwhile, carrying rges are a handicap to bullish operations.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

September 23, 1942

Recent weather in our Northwest has not been altogether favorable,
d the last light rains have brought harvesting to a standstill in
ny places, but so far we have not heard any talk of smaller returns,
though in the final analysis the quality of the grain may be somewhat
fected. While on the whole weather seems to average out pretty much,
have had a moisture situation in recent months where the rains have
en practically unabating, but yet they have done so much more good
an harm that it is extremely fortunate for the country, particularly
ring wartime, that this has been the case.

We become easily accustomed to large figures, but few of us in the
ain trade realize that the indicated spring wheat production of 284
llion bu is 60% above the ten-year average. There have been only
ur years of larger spring wheat production in the record from 1909
date. While acreage has been considerably decreased, the yields have
en almost phenomenal, with 20 bu per acre now forecast, which is a
cord exceeding by 2 bu the yields of 1895 and 1915. Despite all this,
Minneapolis market has made a reasonably good showing, and today's
ices were comparatively strong, with some flour business reported,
though the volume was possibly smaller than yesterday. Minneapolis
ceived 678 cars of wheat, and of this quantity 363 cars were for the
. Therefore, none of the central markets are being called upon to
sorb heavy hedges, and this is best demonstrated by the small open
erest particularly in Chicago.

However, it is understandable from point of view that so much
in is again going into the loan, even on the 85% of parity price,
farmers seem to be extremely well satisfied with that commitment.
sidering that we raised a crop of nearly a billion bushels, they are
ng exceptionally well, as the government has advanced on an average
$1.14 a bu, which includes some transportation charges from the area
production to the warehouse locations and the storage advances on
m-stored wheat. Kansas still leads as the State having the largest
ntity impounded, with nearly 38 million bu now frozen, including
h the grain stored in warehouses and on farms. Oklahoma, however, is
lose second, with about 25 million bu tied up, and percentagewise,
s is much greater, considering that they do not grow nearly as much
at as does Kansas. Texas has 20 million bu frozen from the current
son, but we find that there is considerable lag yet in the Northwest,
North Dakota has less than 2 million bu committed, but there have
n no figures yet for the amount stored on farms, and as we under-
nd it, it takes thirty days before the producer can arrange for his
n. The same is true for Montana, and Minnesota, while almost the
situation prevails in South Dakota. We feel convinced, however,
much larger quantities will finally enter the loan in the spring
at districts, although undoubtedly some wheat may be ineligible
use of excess moisture.

Primary receipts were 2,508,000 bu compared with 2,319,000 bu
week and 1,516,000 bu last year. Kansas City and Minneapolis
ks so far this week show a total increase of 177,000 bu.

There was nothing very definite from Washington on the anti-
ation bill, but there is additional talk that there may be a new
ty concept to include farm labor costs along with expenses of in-
st, taxes, freight rates, etc., which, if adopted, would mean an
ease from the present pattern. Under these circumstances, nobody
much courage to sell short, and with some hedges taken out of the
to satisfy the flour demand, final prices were about 1¢ a bu
or.

Corn does not seem to have much of a following at the present
. A good many holders liquidated their September contracts, and
ably did not replace by purchasing the deferred deliveries. For
moment trade in that cereal is extremely light.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

September 24, 1942

The President in his Labor Day address before the nation made a strong plea toward combating inflationary influences, and we have no doubt that his views in this respect are unaltered. Anyone who has been watching the various legislative moves in Washington must admit that many of the revisions which have been suggested in both House and Senate are defeating the real purpose of the bill. As we view the situation, matters are becoming more inflationary all the time. On basis of a new parity concept, which would take labor costs into the picture, it is now estimated that there would be an advance of 10% or more in the method of figuring parity price. In addition to this, when the higher parity is established for basic commodities, it is proposed to have a 90% of parity loan for producers compared with the present 85% scale. Should both of these measures be adopted, the wheat loan on farms would be increased about 19¢ a bu while corn loans would advance about 13¢. It is fairly definite that the farmers would receive the higher corn loan during the current season, since this crop is harvested later than wheat and the policy is established later in the year, so that no doubt loan prices for the yellow cereal would be considerably higher than the Chief Executive had in mind when he told the Congress to pass effective legislation or else he would have to do something himself under his wartime power. Insofar as the wheat situation is concerned, it might not be affected during the current season, as we already have a definite policy in regard to loans, many of which have already been made on the former basis of computation. Even this is not certain, but it is quite reasonable to suppose that the CCC would be against any such move of advancing loans owing to the fact that a good many farmers have already sold a part of their crop, believing that the policy had been definitely established for the whole year. Therefore, there might be a good deal of discontent among those who have sold and were not able to foresee that a more advantageous loan might be obtainable. Also, the clerical work in making all of these changes would be tremendous, in addition to which it would require more funds to carry on the program.

In any case, our market opened rather firm. The fact that the House had favored both measures to which we have alluded above by a rather decisive vote seemed to have given encouragement to those who have been bullishly inclined, and it also brought in further flour orders, with apparently the milling trade viewing the situation similarly. There was not much grain news, although frosts are feared tonight, which may be either light or heavy, but even this had little influence on the corn market, since a good percentage of the crop has matured beyond the danger point. Nevertheless, this cereal responded better, with hog prices being pretty well maintained at almost the highest figure in the last twenty-two years, so that the feeding ratio is still extremely favorable. However, in the last half hour of trade there were recessions all around when Senator Brown warned that President Roosevelt could not accept an anti-inflation bill with the farm parity formula revised after his strong opposition to this matter, and his recent letters had expressed unalterable opposition to changes in parity.

Wheat prices, which had advanced early to within 1/4¢ of the season's high for the May delivery, reacted. Despite the strength of the farm bloc and House vote yesterday, some people are becoming a little apprehensive that the Chief Executive might finally win out, so that with profit-taking, final prices were about 1/4¢ per bu lower than the previous session.

Rye was particularly weak, but after all, this cereal has advanced sharply from the low points which were reached some weeks ago. Many had thought for a time that rye might be treated the same as basic crops, but there is considerable doubt as to any reason for this since it is not necessary to have production stimulated on account of the war effort. With quite a few hedges having come into the market in recent sessions, holders were somewhat discouraged, and selling orders caused a rather weak close.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO Sept. 25, 1942.

There was further talk this morning that the President was very apt to veto the anti-inflation bill in its present form, particularly as drafted by the House; actually the legislators now are not discussing parity price but rather a super-parity when they include labor costs. Strangely enough, when the parity price scheme was put into effect about nine years ago, early in the Roosevelt administration, those who devised it set out to find a price for crops which would be satisfactory to farmers. They surveyed practically all periods of agriculture, and finally chose the one of 1909-14, when the producer had done particularly well, and this was rather a "golden age" in farming. Many people have asked why labor costs were excluded from earlier computations, but the simple answer is that in 1938 when someone proposed the inclusion of labor costs, the Farm Bloc defeated the proposal, because at that time had wages been taken into the reckoning, it would have actually lowered parity. However, in 1942, the inclusion of labor costs would raise parity by 4 1/2%, if only hired labor were included and by about 10% if family help were counted in, and by about 12 1/2% if all wage costs were figured combining the labor of hired hands, family help, and the farmer himself.

Next Tuesday, new parity prices will be announced, as of September 15th. While some people merely glance at the new rates in a rather cursory way, it is interesting to note, according to an article appearing today in the Wall Street Journal, that each month 20,000 volunteer workers, mostly farmers and merchants, scattered over rural America, fill out questionnaires of the Department of Agriculture. The information solicited asks the price which farmers are receiving for their crops, and also, the price which they are paying for the things they buy. From that point on, the Statistical Department at Washington becomes very busy, and each State office averages the prices which have been reported, and then the State averages go to the BAE, where finally a national average is computed.

From a statistical point of view, no great changes are taking place. During the first eleven weeks of the crop season, we have exported less than 4 million bu of wheat and flour, indicating about the same final clearances as for 1941. Canada is not publicizing her export figures, but as near as we can tell, about 2 million bu is being cleared each week, but with 1,039 million bu on hand, including crop and carryover on August 1st, no large inroads have yet been made. Canadian wheat stocks in all positions amount to 406 mil-ion bu, but we figure that the total storage capacity in Canada is lightly over 600 million bu; so before long congestion may take lace. One must remember that with a total wheat crop estimated at 15 million bu, the Dominion Government has agreed to buy only 280 illion bu of the crop, and this may finally prove a hardship to pro-ucers of that country who have had to pay for the cost of harvesting, hreshing, and storing of all that grain in excess of the government llotment.

Primary receipts were somewhat smaller at 1,996,000 bu compared ith 2,195,000 bu last week, and 1,588,000 bu last year. Kansas City nd Minneapolis stocks so far this week show a total increase of 04,000 bu. We look forward to a small increase in the visible supply n Monday; a year ago it increased slightly over one million bu.

Trade was rather quiet, and shortly after mid-session it looked ike a compromise vote in the Senate, which would turn the anti-nflation legislation right into the hands of the President, so that e could make the decision as to farm labor costs in fixing price eilings. Under these circumstances, we may not hear much further rom Washington until Monday.

Northwest weather was not particularly satisfactory. There ere 3 to 6 inches of snow covering the western half of North Dakota, d it is still snowing hard. For the past ten days weather up there s been cold, and there is still lots of threshing to do --in some aces as much as 50 to 70%. There is also undoubtedly a fair amount grain which has been taking punishment, so that in the end we may ve a good deal of tough wheat, and quite a fair percentage which ll not be eligible for the loan unless it can be put in terminal orage and dried out. At the moment, however, there is very little om available. Final prices were 1/8¢ per bu higher.

Corn was little influenced by frost reports in the Central and rthern parts of the belt. Such a large percentage is already safe, at this factor does not seem to have much of a bearing upon the rket.

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CHICAGO MERCANTILE EX.

September 28, 1942

The volume of wheat trade on Saturday was 2 1/2 million bu, but this was almost to be expected owing to the fact that there were no new evelopments from Washington; therefore, it was difficult for anyone to ave strong convictions.

The same must be more or less true with the farmer, as during the ast week the loans increased only about 13 1/2 million bu, and probably he producers now are in a waiting mood to see whether the loans under he pending bill will be on a higher basis. There is some discussion hat loans on wheat which have already been granted will not be changed, ut just how the law is to be worded is still problematic. At the pres-nt time, there is 157 million bu of wheat impounded from the 1942 crop, hile a year ago, same date, 206 million bu was frozen. Also, the in-rease for the corresponding week in 1941 amounted to 28 million bu, ut there is still another factor which is possibly responsible for the resent lag, and that is, weather in the Northwest has been unsatis-actory and so far the loans in the spring wheat districts are quite mall in proportion. Threshing operations in the Dakotas and in Minn-sota were generally delayed by cold, wet weather, and it is also a act that grain in shock has suffered considerable damage. Present temp-ratures vary between 20 and 30 degrees Fahrenheit, and there is still fair amount of snow on the ground, but apparently enough wheat had een harvested so that about 1,000 cars of wheat were received at Minnea-olis today, of which 351 were for the CCC. In our opinion there is till considerable spring wheat to come under the loan if the grain inally grades properly and is eligible. Minneapolis December wheat is ow selling at $1.20; cash wheat is at a slight discount under the fu-ure, and with the loan up there $1.32, or the same as it is in Chicago, here is more of an incentive for those farmers to take advantage of the oan than in other parts of the country.

The CCC is now forming a program to purchase sample grade wheat n North Dakota and Minnesota for hog feed, and this it is said may be old at a discount under feed wheat. In fact, every effort is toward etting larger quantities into animal consumption, and this likewise eems to be the main reason for not wanting to advance the loan from 85 o 90% of parity. As a matter of fact, Senator Brown believes that an mendment will be offered to the pending bill, which will have his sup-ort, to take wheat and corn off the list of commodities on which a 90% f parity loan might be granted. It is thought that this may prevent ising prices that would affect the livestock feeding program.

hen posted, the wheat visible showed an increase of 1,436,000 bu ringing the total up to 219,310,000 bu, or 9,056,000 bu less than last ear. The largest increase was at Duluth, where stocks improved about ,301,000 bu. Chicago stocks showed an increase of 133,000 bu, and now tand at 11,195,000 bu. Primary receipts were 2,473,000 bu compared ith 3,083,000 bu last week, and 1,395,000 bu last year.

While final action on the anti-inflation program is difficult to redict, the thought seems to be gaining ground that there will probably no re-writing of the formula for parity prices. This coupled with e further feeling that wheat and corn loans might remain at 85% of rity, led to an easier feeling in the pits today. Furthermore, there so was very little evidence of mill buying. At the close, both cember and May wheat were 1 3/8¢ per bu lower.

Some fears had been expressed about the damage to corn due to the esent cold wave, although the Department of Agriculture's letter of e 26th states that the corn crop is now further advanced toward turity than any average year; they report that in Ohio the crop is arly all safe from frost damage, about one-half safe in Indiana, much yond damage in Illinois, and in Iowa they estimate that three-quarters the crop is beyond the danger point of frost; this is about 18% re than normal. Hogs made another new high for the year when they uched 15.40, and this is the highest level since October 19, 1920. e corn-hog ratio continues extremely favorable at 16.7, and this should quite an inducement to feeders.

Rye was under liquidation, as the feeling is spreading that this real will not benefit greatly from any increased loan or parity price.

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CHICAGO MERCANTILE EX.

September 29, 1942

It is pretty well conceded in Washington that during the recent days of discussions, the Farm Bloc has lost ground, and with the administration determined to at least have the semblance of an anti-inflationary bill that this is not the time to discuss higher parity loans, or failing in that, a plan whereby the producer will be guaranteed a reasonable profit for his endeavors. First of all, it would be very complicated to try to figure out just what a reasonable profit was on an investment, as some farmers might have paid $50 per acre for their land, while others who bought it during or after the first World War might have put $400 an acre into their farms. The cost of production has never been determined by any statistician or group of people, as no two farmers have the same cost of production and no one farmer has the same cost of production from year to year. In the past the inefficient, high-cost farmer like the inefficient, high-cost manufacturer failed and quit because he could not force the consumer to pay the high price represented by his high cost of production. It is also an economic fact that in the past when we had over-production, the consumer could only be induced to take it by lowering the price, and in that way doubtless some portion of the supply was actually sold below cost of production, but on the other hand, burdensome surpluses were not built up, and, therefore, the situation was invariably corrected before another crop was available. In that way acreage reductions took place voluntarily without so much money having to be paid out of the Federal Treasury. It is considered possible that a Senate vote on the anti-inflation bill will be sought today, and Senator Barkley contended that the country was becoming impatient over the present indecision. He also served notice that there would be no adjournment tonight until the bill was passed.

In the meantime, there is some improvements in Northwest weather, and we expect that harvesting operations will soon be undertaken, although a part of the crop has undoubtedly been damaged by fungus growth, while elsewhere it has sprouted. This isespecially true on durum and other types of spring wheat, and the Secretary of Agriculture has stated that unless some relief is offered by the government, wheat which is ineligible for loans may sell at such discounts that he has authorized a purchasing program designed to aid the farmer. Such wheat will be used by the CCC for feeding purposes, and for the present the Minneapolis office will handle this business. For that reason, it is conceivable that with the wheat that enters this program, plus the impoundings, there will not be any great amount of pressure, and with that in mind we are not particularly bearish on wheat futures regardless of the turn of legislation at Washington. There were 646 cars of wheat received today in Minneapolis and Duluth compared with 946 a week ago and 687 last year.

Primary receipts amounted to 2,286,000 bu compared with 2,456,000 bu last week, and 1,649,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 498,000 bu.

There was absolutely no feature to the market. No mention was made today as to whether the loan would be based on 85 or on 90% of parity under the new law, although the higher rate is still included in both the House and the Senate bills, but there seems to be considerable opposition on the ground that the Chief Executive would like the 85% loans maintained. With such tremendous carryovers in North America as we now have, and those which are expected in 1943, it would certainly seem to be the conservative stand not to make conditions more complicated nor more artificial than is necessary. Until matters in Washington are finally settled, trade will no doubt remain indifferent. Final prices were unchanged.

Corn likewise fluctuated within a narrow range, but in rye there was fair activity, both strength and later weakness. On the bulge hedges seem to come into the market, We continue to feel that with the large open interest and lack of demand, also the heavy carrying charge that the bull is working under a great handicap.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO September 30, 1942.

The average person little realizes the tremendous progress that is being made in the field of research. Chemists and physicists are crowding extra hours into laboratory work, where ordinarily it might take years to accomplish the same results in developing synthetic supplies of various kinds. There are many raw materials no longer available either because the enemy has occupied certain territories or due to shipping facilities, and the length of haul is both expensive and hazardous.

Insofar as the grain world is concerned, there must also be many evolutionary changes just as there were during the first war. It was then that high prices stimulated production in the Argentine, in Australia, and in Canada, where previously acreages had been only moderate, and thus it was the start of many of our agricultural problems. The same is not true today owing to the fact that prices in most of the competitive countries are at rather low levels, and even now it is only artificial stimuli which is maintaining prices because many of the importing countries, which were available during peacetime, or even in the last war, have been almost completely cut off with the exception of Britain. The U.K. is at present taking almost as much wheat as in normal times, taking into account that some diversions are being made to Russia. Thus, it is almost a certainty that the countries having a surplus will find it extremely difficult to get supplies into consumption, although after the peace comes, someone will have to re-finance the aftermath, and no doubt tremendous quantities will be given away.

Argentina has a generally satisfactory crop outlook, although occasional rains will be required in the southern areas to maintain conditions. Now faced with a wheat surplus of 187 million bu and a corn surplus of 365 million bu, even on a 10% reduced wheat acreage, she will have her troubles, as the requirements in the export field are steadily diminishing. In order to avoid the German blockade zone, the Argentine merchant fleet is about to open the Pacific route to the United States, and boats consequently will be unable to call en-route at Brazilian ports. The latter country was one of the important remaining import factors, but now that Argentina can no longer ship wheat and other products to Brazil, except by exposing her merchant vessels to the attack of U-boats, it may greatly stimulate Brazilian production, and thus open up vast new territories. Whether Brazil will finally become an exporter of grain cannot be stated now, but yet, it is altogether likely that she will eventually become self-sufficient, and this alone is important. This is just one example of how a war can change the economic policies of the world, particularly when we consider Brazil, which is a country larger than the United States, having an area of 3,285,000 square miles.

Primary receipts were somewhat smaller at 2,096,000 bu compared with2,508,000 bu last week, and 1,038,000 bu last year. Kansas City and Minneapolis stocks so far this weekshow a net increase of 540,000 bu.

Markets were rather quiet at the start, but firm. As the session progressed there was considerable news from Washington relating to the anti-inflation bill, and the leaders of the farm bloc claim that the new compromise assured ceiling prices above parity levels. This was presumably to cover all food products, and while falling short of the original demands for full labor costs to be computed, it does suggest that there might be a higher ceiling; possibly also a higher loan if the parity level is increased. Final prices were at practically the high point of the day, with both December and May wheat showing advances of 1 1/2¢ per bu.

Corn did not sympathize. Most of the State reports, while recognizing that some damage may have resulted from recent frosts, indicated that the crop had been pretty well along, and much of it had proceeded beyond the danger point. In Iowa, for instance, 86% was said to be safe for commercial purposes, which was 12% more than normal for this time of the year.

Rye and oats advanced, and there may have been some short covering in these cereals.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO October 1, 1942.

After the close of the market yesterday, the Senate unanimous-
approved legislation giving the President power to stabilize wages,
laries, and prices, apparently compromising many of the intensely
isputed questions in connection with agricultural problems. There
d been so many references to the possibility of including labor
sts that yesterday's market was largely in response to this situa-
on. As it now stands, ceiling prices for the six basic commodities
ll probably be placed about 5% higher than present parity levels,
t it is our interpretation that the loans will still be based on
e old computation of parity, and for that reason will be altered
ly if the 90% clause is voted into the present bill. Even then,
body can tell for sure whether wheat would be affected insofar
the current crop is concerned, as there has been no mention up
now on the possibility of making these loans retroactive. On basis
the last report, about 157 million bu of wheat has been impounded
om the 1942 crop, but doubtless the figure is larger because it
kes some time before the CCC compiles all its data.

The September parity figure for wheat is 134.4¢. If we assume
at the farmers are to be extended loans on basis of 90%, it would
ke the loan price on the farm $1.21, or $1.39 basis Chicago com-
red with the existing loan of $1.32 Chicago. As we have mentioned
previous market letters, after the various accrued charges are paid
the farmer, which would amount to about 13¢ a bu for a period of
n months, it would take practically $1.52 Chicago to redeem the
eat, and on this basis there is a fairly bullish sentiment, although
was somewhat curtailed this morning by a statement from Senator
own, in which he expressed the desirability of eliminating corn and
eat from the higher loan bracket in order that these grains might
kept at a more reasonable level for feeding purposes. Later in
e day, however, Chairman Fulmer stated that farm leaders in the
use were willing to accept the Senate version of the Price Control
ll in the interest of speedy action. The President also expressed
mself as satisfied with the Senate bill, which was designed to curb
flation. Therefore, we doubt whether there shall be any drastic
anges from the preliminary document, although House farm leaders
y insist that in the final draft, a provision will be written in
r the continuation of a floor on farm prices for three years fol-
wing the war.

With higher prices in this country than are asked by our com-
titors, our export business continues to lag. The loss of large wheat
oducing areas in the U. S. S. R. to the enemy has provided a problem
supply, and it is increasingly evident that the demand for imported
eat will expand as time goes on. It is already known that large
ounts of Canadian flour have been shipped in recent months, and nego-
tations are proceeding for further business. The clearances of late,
officially revealed have been made by way of the United Kingdom,
d for the sake of convenience these supplies have been taken from
e United Kingdom stocks of wheat that were ready for shipment from
nadian ports. Even a small country like Iran, which was formerly
lf-sufficient, has taken during the past ten months about 2 1/2
llion bu of wheat mostly from Canada.

Primary receipts were smaller at 1,763,000 bu compared with
157,000 bu last week, and 1,243,000 bu last year. Kansas City and
nneapolis stocks so far this week show a total increase of 749,000 bu.

Early strength in the market was more or less dissipated when
ofit-taking orders came into the pits, and strangely enough with
l the news we have had in recent sessions, the turnover has been
ite moderate. It becomes increasingly difficult to appraise all of
e events in proportion to their importance. Many people recall that
the past commodities for a long time have sold below parity, or
en loan levels. Therefore, we shall have periods of discouragement
gardless of final results. At the last wheat was about 1/8¢ per bu
gher than the previous session for the December delivery. July gained
little on the old-crop months, the theory being that we shall have a
emendous carryover. Furthermore, it is felt that a 90% loan is quite
rtain for the next crop, while there is still some doubt as to its
ing applied on the present one.

Corn reacted late in the session in sympathy with wheat, but
rge quantities are bound to be frozen with the prospective increase
the loan computation.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO October 2, 1942.

In the four large spring wheat States, the loan program is progressing very slowly, and according to the last report, Minnesota, Montana, North Dakota, and South Dakota have only 8,694,000 bu of wheat frozen in warehouses, while the amount on farms is negligible, amounting to less than 4,000 bu. It is rather difficult to account for this situation, except that a good deal of the wheat was wet, and for that reason more of it may have been sold percentagewise than if it had been eligible for the loan. Of course, warehouses were pretty well filled even before harvest, and on July 1, farm reserves were about 17%, which used to be the figure on March 1st in normal years. Despite all this, there has not been much pressure but producers know that they have until the end of the year to apply for these loans, and possibly some are also swayed by the fact that there have been rigid attempts to have the 90% loan made law instead of the existing 85%.

When our market closed yesterday, the trade had prepared itself reasonably well for the enactment of 90% loans, and some even believed that these might be retroactive, but the situation this morning is not quite the same. Although the House and Senate had tentatively agreed to the increase, our reports today claim that the administration is opposing the application of mandatory loans for three years after the war has ended but that they might agree in conference to floor prices for two years should the conferees retain the present 85% basis. Even if the final draft should contain the higher loan, and the bill is presented to the President, it is questionable whether he would agree to this proposition. He has now intervened, and it is reported that more drastic changes may be made in the bill than had been predicted, in order to give the Chief Executive more discretionary power. Therefore, our market was somewhat weaker today, and recent buyers were on the defensive, since practically all of the news was of a legislative character. Even corn prices were a shade lower, despite the fact that hog prices sold at a new high: namely $15.70, and it was not since October 18, 1920 that farmers have been able to obtain that good a price. On the last computation, the corn-hog ratio at Chicago was 17.6 compared with 16.7 the previous week and 14.9 a year ago, but if this were revised as of today the showing would be even better.

Statistics are not having much influence, but as one might expect, Canada is the only country that is really doing much of an export business, and in eight weeks since her crop season started she has shipped about 20 million bu of wheat and flour, while in twelve weeks the United States has cleared only 4,280,000 bu. Due to shipping difficulties, even the Argentine is not putting a great deal of wheat afloat, and though prices are well in line, she has shipped only 1,400,000 bu the past week, and about the same quantity the week before, while since the first of the year 60 million bu was disposed of. Peculiarly enough, three or four times as much Argentine wheat is going to the Continent each week as they are sending to the United Kingdom. Non-European countries are taking rather small quantities, and we pointed out a few days earlier that Brazil may be more or less cut off since most of the ships now are taking the Pacific route.

Primary receipts were slightly over 2 million bu, or about the same as last week, compared with one million bu a year ago. Kansas City and Minneapolis stocks so far this week show a net increase of 629,000 bu. When the visible supply is posted on Monday it will compare with an increase last year of 1,765,000 bu.

Trade was rather small, and of course, under existing conditions nobody will venture far from home. Final prices were 1/2 to 3/4¢ per bu lower.

Corn and other grains were in about the same category, although rye developed some weakness, and we believe that this cereal has less merit than others, even though it is comparatively cheap. The crop was large and the demand is poor.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO October 5, 1942.

On Friday last, at 7 o'clock and 12 minutes P. M., the Senate adjourned for the week. They had completed their work on the anti-inflation bill, and although only about twenty Senators were present, the question of not having a quorum was never made an issue, so that with the great desire to have the bill reach the President as close to the deadline as was possible, unanimous consent was granted to have the Vice President affix his signature, and as the situationnow stands this is the law of the land.

The grain trade had been greatly confused over many of the issues that came up for consideration, but even now all matters are not clarified, as the interpretation of the law is almost as important as the wording of the law itself. Nobody knows definitely whether the wheat and corn loans will be maintained at 85% of parity, or whether they will be increased. The assumption is that there will be no change, and even though the feeding fraction of wheat is small, legal opinion leans to the idea that if the President wishes it so, he will have his way. There are other uncertainties also with this nation placing about 90% of its foodstuffs under ceiling prices. The freezing order, which became operative almost at once, covers flour amongst other articles, and the wording of the order is rather broad, as it states: "All flour produced from wheat, rye, buckwheat, rice, corn, oats, barley, soybeans, and potatoes, and combinations thereof, including bleached, bromated, enriched, phosphated, and self-rising flours, are to be considered in this category."

The trade was not entirely prepared for this news, and as a result our market opened somewhat lower this morning. There was also another factor to contend with, and this related to the President's directive yesterday, under the agricultural title of the order that the Secretary of Agriculture and Price Administrator Leon Henderson were directed to stabilize farm prices as the basis of the levels of September 15th, with additional instructions to make appropriate deductions from parity price or comparable price for payments made under the AAA and government subsidies. This again prevented much enthusiasm on the bull side of the market, even though it is a foregone conclusion that very large quantities are now likely to be tied up under the loan. For the week 30 million bu of wheat was frozen, bringing the grand total to 187 million, which compares with 222 million bu a year ago. The fact that farm storage is somewhat behind schedule in the Northwest may be largely responsible for the discrepancy, and it takes thirty days, after the farmer applies for loans on farm wheat before these can be granted.

Primary receipts were somewhat larger at 2,865,000 bu; this compared with 2,473,000 bu last week, and 1,690,000 bu last year. When the visible supply of wheat was posted, it showed an increase slightly in excess of one million bu, bringing the total in all positions to 220 million bu, or about 10 million bu less than was on hand a year ago. Chicago stocks increased 251,000 bu, which gives us almost 11 1/2 million bu at this market.

The trade was quite confused over the weekend developments, and of course, nobody can tell definitely how ceiling prices will be handled, although in our opinion there is no aim on part of the administration or others in Washington to definitely hurt the farmer. This is shown by the wording of the bill itself, where loan values are to be maintained for a period of two years after hostilities have ended. After all, most people know that prosperity springs from the soil. We do not see where it is at all likely that any sharp breaks are in prospect. Final prices, through indecision and profit-taking, were about 1 1/2¢ per bu lower.

In corn, psychology ran very much the same as it did in wheat, but despite this fact, losses were not overly severe. Rye was under liquidating pressure, and this cereal has lost some of its friends, despite comparative cheapness.

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CHICAGO MERCANTILE EX.

October 6, 1942

Under a freely operating economy, the effect of our war demands could easily outrun productive capacity, and this would naturally result in increased commodity prices. With this rise in commodity prices, costs of living would increase not so fast as commodities, but faster than wage rates, salaries, annuities, incomes from long-term investments, etc. Lower standard of living would inevitably result from the effect of rising prices on the consumer purchasing power. To avoid a decrease in consumer purchasing power we now have the anti-inflation bill placed on the statute books, and it has been quite obvious for some time that the President was sincere in his motives to avert some of the inequalities which arose during the first World War. During any period of hostilities, citizens are called upon to make greater sacrifices; clothes are worn longer, automobiles are driven less, luxuries are given up, and so on. People with fixed or slowly reacting incomes generally suffer the greatest loss in purchasing power. For example, from 1914 to 1918, salaries of school teachers in New York rose about 8%, while the cost of living rose 50%; the purchasing power of university professors declined 27%, while the purchasing power of government employes decreased 19%. It is reasonable to assume that purchasing power of the salaried classes declined from 20 to 25%, exclusive of the amount surrendered to the government through increased direct taxes, and apparently, Mr. Byrnes, the new Director of Economic Stabilization, must bear all of these things in mind.

The grain trade seems quite willing to undertake its share of the burden in trying to bring about the proper results. As yet we have no clarification as to the official interpretation of the law, but it will naturally take time before all of these intricate matters affecting the various trades can be properly accomplished.

In the meantime, production in the various surplus countries continues. Conditions in the Argentine remain favorable for wheat and seeding of corn is extending. Recent cable reports from Australia say that the crop is passing through the critical period, and if present promise is maintained, a large yield per acre may offset the reduced acreage. As the trade well knows, there are no official figures of Canadian exports, but through the process of deduction, Sanford Evans of Winnipeg points out that about 228 million bu of wheat and flour was cleared during the 1941-42 crop season. This is on the assumption that domestic consumption, including the requirements for seed, feed, etc., amounted to 140 million bu. It is hardly likely that they exceeded that figure even though additional necessities arose because of smaller feed crops. It is quite possible that Britain, the largest importer of wheat, may have favored Canada, but it is also doubtful whether she would have done so except for the fact that prices were kept pretty well in line with competitors. The same is, of course, not true of our own country, where through the high loan level we lost our export markets, and during a comparable period shipped only about 10% as much wheat as did our Northern neighbor.

Primary receipts were reasonably good at 2,109,000 bu compared with 2,286,000 bu last week and 1,672,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 256,000 bu.

There was no particular news overnight but a certain amount of confusion still exists, and it is very likely due to these uncertainties that trade is so small at this time. We rather look for quiet markets until Washington gives the definite interpretation of the law. Meanwhile, there is some flour business at prices well under the ceiling, but enthusiasm to buy is naturally held in check until matters become clarified. Last prices were unchanged for December wheat.

Corn was slightly higher during the early part of the session when wheat advanced, but there is not much confidence in this cereal either except that hog prices are pretty well maintained, and this naturally suggests that feeding operations will continue on a big scale.

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CHICAGO MERCANTILE EX.

CHICAGO October 7, 1942.

Undoubtedly with the passage of time, there will be clarification of the many issues at stake caused by the uncertainty as to loan values --the President's directive order, and the emergency 60-day ceiling order issued by Price Administrator Leon Henderson; but for the moment the situation is extremely beclouded. The marketing of grains is highly technical, and the machinery for handling the farmer's wheat has been built up over the past century to its present state of efficiency and economic value. From the time wheat leaves the producer's hands until the processed product is on the shelves of the retailer, facilities of the futures markets are used and the price basing greatly depends on the futures price. While everyone realizes that there can be no policy of "business as usual" in a war economy, we hope that those well versed in the technical operations will be consulted, so as to cause a minimum of distortions. According to press dispatches, certain Department of Agricultural officials expect the White House to approve the issuance of orders exempting corn and wheat from the 90% loan rate. If this should be carried out, then the next paramount issue would be whether soil conservation and parity payments would be deducted from parity prices when figuring ceilings. If this should be the case in wheat, it would narrow the spread between the loan and the ceiling price to such small proportions as to seriously interfere with markets, and prevent the redemption of loans.

The Bureau of Agricultural Economics estimates the domestic disappearance of wheat for food, feed, seed, and alcohol at about 760 million bu, and if this figure is attained, it would leave 850 million bu available for export and carryover, as of July 1, 1943. Looking at the world's picture, they point out that, exclusive of Russia and China, production in 1942 might be 200 to 250 million bu above 1941. They further comment that with the present large world stocks added to the new crop, the world carryover at the end of the current marketing year will be so large that even if it were possible to resume world shipping and increase consumption from present levels, such reductions as might take place would still leave an unusually large supply for the season 1943-44. They anticipate that the acreage seeded in the United States for the 1943 crop will be somewhat below the national allotment of 55 million acres, although the effect of seeding below that amount might be greatly offset by better than average yields, as soil moisture conditions in the winter wheat states are very favorable this fall.

The Northwestern Miller reports that prior to the enactment of price regulations the business of the spring wheat mills had been fair, with sales of 76% capacity compared with 107% the previous week, and 80% corresponding period a year ago. The southwest mills did not book as much --estimated sales were 62% of capacity versus 93% last week, and 39% last year. However, since issuing the price ceilings, flour business has almost completely stagnated, because of general confusion over the order. The fact that during the base period of September 28th to October 2nd, billing prices were used instead of actual sales, has led to a very complicated situation.

Primary receipts were 2,425,000 bu compared with 2,096,000 bu last week, and 1,188,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 334,000 bu. Weather in the Northwest remains favorable for harvesting, and receipts in Minneapolis were 656 cars. A permit system will be inaugurated in that market effective either Friday or Saturday.

With lack of support from the milling trade, and with a cautious attitude on part of traders, early quotations were at lower levels. Some strength was imparted to the market during the session when a statement was published by the Bureau of Agricultural Economics: "Cash prices in most markets are still below the loan value. However, unless growers sell more wheat than is now expected instead of placing it under the loan, prices are expected to reach higher levels." There also was some strength derived from the raising of ceilings on lard, but advances were not maintained. At the close December wheat was 1/8¢ per bu lower.

With drier weather, conditions are favorable for corn, although very little husking has been done in the central valley, as most of the corn is still too wet for safe cribbing. There was some intimation that certain types of feed wheat may be lowered in price, and this was considered as more competition for corn.

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CHICAGO MERCANTILE EX.

CHICAGO October 8, 1942

The Secretary of Agriculture has announced that at least for the present crop year the government loan rates to farmers on corn and wheat will be kept at 85% of parity, in order to encourage the maximum production of meat, dairy and poultry products for war needs. This, therefore, settles one of the major problems that has been facing the grain trade, but still leaves to be decided the other very vital question of ceiling prices. In dealing with the problem, we cannot point out too many times that wheat is a commodity that should be given individual and special attention. The conditions which surround the general marketing, the government loans, and the complete dependence of the trade in general on the functioning of the futures markets are entirely separate from the factors surrounding almost every other commodity. Wheat at present is a surplus crop; harvesting of wheat is completed within a period of approximately three months, but consumption takes place over the entire year. Therefore, this grain must be stored and there is an accrual of charges. With the majority of farmers complying if the spread between the loan and the ceiling price is too narrow, redemptions cannot take place, with the consequence that the grain will pass into government ownership and lead to a disruption of the private trade and the failure of the futures market to function.

There is one, and only one, primary reason for a futures market, and that is, its economic value to the country. We have stated time after time that it was through the facilities of the hedging markets, which are an integral part of the system of distribution, that low costs of marketing have been maintained. We have not seen any recent figures, but Professor James E. Boyle, who was one of the great students of rural economy, pointed out that in most forms of merchandising a 5% margin was looked upon as a very low charge. He also stated "that the fact that grain is handled at 1%, the lowest margin on any farm product, is due to the evolution of the present grain exchange, with its coordinated and interrelated system of cash and futures trading."

There is probably not a single person connected with the handling in any form of wheat, from producer through to the finished product, who would not be willing to make any sacrifice in behalf of the war effort and to shorten the period of hostilities, as well as to prevent inflationary tendencies. But to anyone thoroughly familiar with the wheat situation, drastic action does not seem to be necessary and would only tend to disrupt the trade. There seems to be no fear of inflation expressing itself in wheat. We have a surplus, prices have been considerably below parity, and for much of the time, below the actual loan price. A very well posted flour man has roughly estimated for us that the difference between the Chicago loan value of $1.32 a bu and the equivalent Chicago parity price of 152.4¢, which would be a permissible unadjusted ceiling without further regulations, would mean an increase in the flour cost of approximately $1 a bbl. With an outturn of 300 one-pound loaves a barrel, it would mean a difference of 1/3¢ a loaf, and surely in fighting any inflationary tendency, this could not by any stretch of the imagination be defined as a dangerous advance,-- certainly not sufficient to mean a complete change in our method of distribution.

Primary receipts were 2,095,000 bu compared with 1,763,000 bu the same day last week and 1,305,000 bu for a comparable day last year. Kansas City and Minneapolis show a net increase of 295,000 bu. Weather in the Northwest is generally fair and receipts at Minneapolis totaled 693 cars.

As was expected flour business was reported very light and will undoubtedly continue so until price ceilings are clarified. General grain news was of a more or less routine nature, and traders have assumed a cautious attitude, awaiting further developments. There was some further liquidation in wheat, and at the close December and May wheat were 1/8¢ a bu lower.

Weather has been dry in the corn territory and that cereal during the session was also subject to further liquidation, but on the other hand, rye obtained support from local short covering.

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CHICAGO MERCANTILE EX.

CHICAGO October 9, 1942.

Before the First World War, the United States and Russia were the largest wheat exporters. They vied with each other for predominence, and according to climatic conditions each year the victory belonged to one or the other; but now neither of them is any longer considered an exporter. On the contrary, Russia is probably taking a fair amount of wheat from Canada, while we find for the past thirteen weeks, which comprises one-quarter of the season, less than 5 million bu of wheat and flour has been shipped from our shores. Even during the last war, when conditions were quite different, we were an important factor, and during the years 1914 to 1918 world shipments averaged about 522 million bu, while we alone furnished 216 million bu, or about 41% of the total. It is probably a fact that until we get some of our grain into exporting channels that supplies will continue to accumulate as never before. It is now estimated that we may have a reserve stock next July of 800 to 850 million bu, which will be more than had been raised in this country during the drought years, and a larger quantity than is needed for a year's domestic consumption. It is rather difficult to tell just what Canada is shipping, but we do know that in eight weeks, or since the first of August when her crop year started, the indicated disappearance has been close to 32 million bu. We presume that if we subtract from this quantity 8 million bu which is needed for domestic grinding, they have cleared possibly 24 million bu, or at the rate of 3 million bu each week.

Just to what extent we shall regain our position after the war is ended, is, of course not clear at this point. England has always been the largest single importer of wheat in peace time, and probably took on an average anywhere from 200 to 250 million bu annually, a large part of which was often furnished by the United States. There will, of course, be some years following peace when the hungry nations of Europe will have to be supplied, and if this is done gratuitously, we shall, of course, get rid of larger quantities than if they had to pay for it. Even in England great changes are taking plave, just as was the case after World War I. A joint announcement by the two Ministers - namely of Agriculture and Food for Britain are trying to give further encouragement to the sowing of rye on all suitable light land for the harvest next summer. The government has decided to pay $12.00 an acre for all the rye which is sown, but this is not all. The market price for all rye which is of millable quality shall have a fixed price of 14 shillings per 112 pounds, which figures about $1.41 a bushel in our currency. Therefore, from the two sources, if the crop would average 12 bushels to the acre, the producer would receive about $2.40 per bu. Since a great many more fields are being plowed for agricultural purposes, it may be that in the years to come Britain will import less than she formerly did, but more particularly while ships are needed so badly for the transportation of war supplies.

Primary receipts were 1,792,000 bu compared with 2,060,000 bu last week, and only 1,016,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 450,000 bu. When the visible supply is posted on Monday it will compare with a negligible decrease a year ago.

Trade was again of small proportions. The matter of ceiling prices has not been definitely settled. That it should even be a factor at a time when we have the largest carryover reserve on record, and the second largest crop ever raised, seems almost a paradox. However, the large quantities which are being impounded, naturally, have contributed toward a higher market than otherwise. According to the Kansas State AAA Chairman, more than half of the 1942 crop of that State may be stored for government loans. This party estimates that by the end of December, farmers will have placed 110 million bu of wheat in storage for loans compared with 82 million bu under last year's program. The OPA today adjusted maximum prices for flour at the highest levels at which each individual seller had contracted to sell during the September 28th to October 2nd base period. Apparently this had very little effect marketwise, and final prices were about 5/8¢ per bu lower.

Corn, as well as other cereals, sympathised with the wheat decline, although there was no particular pressure from any important source.

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CHICAGO MERCANTILE EX.

October 13, 1942.

Northwest receipts were quite heavy over the extended week-end, with about 1,800 cars having been reported at Minneapolis. This apparently was responsible for heavy hedging pressure in the first few minutes of trade, but undoubtedly sufficient buying orders had accumulated so that recoveries were just as rapid. In the loan program to date, there are several factors apparently responsible for the lag. In our opinion it is not due to price relationship, but rather to the scarcity of storage space at terminal markets, since only about 15 million bu of wheat has been impounded in warehouses in the four States of Minnesota, Montana, North Dakota, and South Dakota. As a result, it would not be surprising to see a very large quantity of wheat stored on farms frozen, although this naturally takes more time. First of all, it has to be in good condition in order to be eligible; secondly, it has to be located for at least thirty days before the county agents can act on the loan. There has been only 3 1/2 million bu thus impounded in those four northwestern states, and we are convinced that it is just a question of time before this figure will be greatly increased. Total farm stocks of wheat in the country were 644 million bu October 1st, which was by far the largest stock ever held. The ten-year average was 337 million bu.

With clear weather which has prevailed in the Northwest for some time now, harvesting has made good headway, and the same is true in Canada, where temperatures for the most part have run from 60 to 80 degrees, and with occasional interludes of real summer weather, this has been a great help. Canada like this country is having her difficulties because of labor shortage, and it is especially trying on account of the tremendous crops that were raised not only of wheat, but also of oats, barley, and flax. In the Southwest sections of our country, seeding of winter wheat has been active, although in some sections of the interior valleys and lake region, soil was still too wet for proper working. In any case, moisture has been extremely favorable, and if the seed gets into the ground in time, it sure should get off to a wonderful start. In the western belt, work is practically completed, with unusually favorable germinating conditions.

With the tremendous carryover that we had last July and the second largest crop of record, we naturally miss our export outlet. England is about the only large importer, but this business is going largely to Canada. Before thewar, Germany was not self-sustaining; in fact she was a net importer of grain, and despite the drastic rationing which has taken place, her requirements during the past three years have increased. It is also a fact that her armies in Russia have not been able to live on the spoils, while at home her obligations to the deficiency nations have grown, and besides this she must feed millions of war prisoners, as well as conscripted foreign workers. Looking at the map is rather convincing that she has undertaken tremendous responsibilities, and that part of Europe which is not dominated by Germany, (that is to say, all the countries except Sweden, Spain, Switzerland and Portugal) was formerly an importer of about 280 million bu of bread and feed grains, which now have been mostly cut off because of the blockade. Cereal production, if anything, has been on the decline owing to the adverse weather, and even the Balkan countries have diminished their production in late years; so the food situation over large areas must be very precarious, particularly for nations like Belgium, Holland, Norway, Finland, and even France, the latter having had to send large portions of her crop to Germany.

Primary receipts for the two days were 4,130,000 bu, almost double of last week and last year. The visible supply increased 824,000 bu, with total stocks 221 million bu, or nearly 9 million bu less than in 1941. At Chicago there was an increase of 452,000 bu, making total here 11,898,000 bu.

Trade was rather dull. There was nothing new from Washington, nor was there anything in the President's talk to give us much of a clue on immediate agricultural policies. However, the undertone was a little better, with some reinstatement of lines. Last prices were 1/2¢ per bu higher.

Corn was very firm. A record disappearance occurred in the quarter from July to the end of September; this amounted to 336 million bu compared with a ten-year average disappearance of 222 million bu.

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CHICAGO MERCANTILE EX.

CHICAGO October 14, 1942.

On September 24th, Secretary Wickard announced a wheat purchasing program whereby the CCC could aid farmers whose wheat had been damaged by fungus or which had been sprout-damaged. The Secretary stated that unless some relief were offered by the government, the wheat which had been ineligible for loans would be excessively discounted on the markets. The wheat so purchased by the CCC was to have been sold as feed wheat, and all purchases were to be made by the Minneapolis office of the CCC. Under this program, the authority to purchase country-run wheat, grading No. 3 or lower, was solely because of fungus or sprout damage. But in practice the results are somewhat different, as with the recent decline in the market, farmers who have been unable to obtain as much as $1.16 at Minneapolis for No. 3 northern wheat, or even better grades, have turned it over to the government, and thus, we understand that in recent sessions considerable quantities have been purchased by this federal agency. As we now understand it, the wheat purchasing program will remain effective until December 31, 1942, on country consignments in the areas served by the Minneapolis office. If we interpret this order correctly, it means more or less of a pegged price, and possibly was the reason for the quick recovery in the Northwest yesterday after hedging pressure had made its first appearance. We doubt very much whether the original authorization was intended to take care of anything except that grain which had been damaged by the elements, but yet, with the better quality wheat which has been purchased during the past few days, it is quite apparent that the program is acting more or less as a stabilization measure, and may prevent further declines in Minneapolis, which in turn would also have its effect in other markets of the country. With more particular reference to the Minneapolis cash market, this program has actually been more bullish on the higher quality wheat than on the off-grades for the reason that market discounts on the heavily damaged wheat and the Durum varities were much less than on the commodity schedule, so that generally speaking terminals continued to get most of the offgrades while the CCC had to take possession of the higher grades. Their theory in making these purchases is that they are an offset against the sales of red wheat in the Central States. We understand that during the past few days quite sizeable quantities of soft winter wheat has been disposed of, due to the short crop, and the anxiety of mills to get this particular type of grain. In any event, it is a situation that must be studied closely before one can come to definite conclusions as to its effect upon the price level. Today's receipts of wheat at Minneapolis and Duluth were 668 cars, against 833 a week ago, and only 265 cars a year ago, but the embargo has not yet been fully felt.

There was nothing particularly significant in the weekly government grain report, although satisfactory progress in seeding operations is quite generally reported, and the first seeded wheat is already coming up, mostly to good stands. While rains would be helpful in most parts of the Ohio valley and the Southwest Plains , the soil is still too wet in some western counties of Kansas, although according to our own reports, subsoil moisture is quite good almost everywhere for this season of the year.

Weather conditions in the corn belt were outstandingly favorable for drying of the crop, but in most places the grain is still too damp for safe cribbing.

Primary receipts of wheat were 2,492,000 bu, or much the same as last week when they amounted to 2,425,000 bu, and compare with 1,562,000 last year. Kansas City and Minneapolis stocks so far this week show a total increase of 178,000 bu.

There was a little more firmness in the December delivery than in the distant months, with traders feeling that if ceiling prices recently established by the President's directive were reached, all futures might sell on the same basis as is presently the case in lard. However, there is nothing definite yet from Washington except that numerous Senators are fighting toward the establishment of parity levels for the ceiling, and at this writing nobody can be sure of the outcome. Final prices were 1/4¢ per bu lower for December wheat, while the May delivery was off 5/8¢.

Corn was firm early in the session, but yielded some ground. Crop reports continue good. A report from Purdue University in collaboration with the U. S. B. A. E. was most optimistic on the prospect for Indiana. They estimate production at 25% more than last year, and 38% more than the ten-year average.

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CHICAGO MERCANTILE EX.

CHICAGO October 15, 1942.

Before the outbreak of the present war, Britain imported nearly two-thirds of her food supplies, and it required a little more than one-third of her ships to transport them. It is, therefore, obvious that she had to readjust her whole agricultural program in order to meet present day needs. It was impossible to bring this about solely by rationing, and for that reason new lands have been opened continuously since 1939, with the result that the total plowed acreage has increased by 50% in the past three years from 12 million acres to 18 million by 1942. Although it was thought a year ago they had reached their limit, particularly with the shortage of labor, etc., it was still further increased, and now the goal for 1943 calls for an additional 10% improvement. This is especially commendable when it is taken into consideration that many acres of good farm land had been taken over by the army or by the RAF for the hundreds of air fields and army camps scattered all over Britain. Now more than ever additional air fields are being built for the use of American fliers in what is termed "reverse Lend-Lease bases" for the United States. Throughout all this expansion of the agricultural program, prices were kept reasonably well in line, and while, of course, some incentives were given to producers, it was more or less a planned adjustment under the strict control of the Ministry of Agriculture and the various County War Committees. For this information we are indebted to the British Supply Council.

They also make mention of the tremendous amounts of gasoline necessary for carrying on aerial warfare, which in turn means the transportation of this fuel to Britain. The single RAF raid over Cologne took the gasoline from 20,000 British cars for one year, and thus one can readily understand why a country, which was formerly the largest single importer of grain and probably took half the European imports during peacetime, has had to expand her agriculture to the utmost in order that ships might be available for other essential purposes. Britain has certainly achieved a record, for at the present time she produces nearly two-thirds of her food supplies as compared with a little more than one-third in pre-war days.

Not much attention is being paid to Southern Hemisphere developments, although new crop conditions in the Argentine were improved by beneficial rains during the month, and conditions in the North are exceptionally good. On the other hand, the second official estimate discloses the fact that about 16 million acres were sown to wheat, or a reduction of about 2 million from last year. In fact, the total acreage of wheat, oats, barley, flax, and rye shows a decrease of 10.6% from last season. In Australia, crop conditions are reported as especially favorable for this time of year, and early indications are for above average yields per acre. Shipments from both countries are light, particularly from the latter.

In Canada, visible wheat stocks are now 417 million bu, which is an increase of about 10 1/2 million bu during the week. Good weather has prevailed in the Prairie Provinces for some time, and cutting is about 91% completed, but according to Sanford Evans, there still remains 62% of the threshing and combining to do. Undoubtedly a large portion of the crop will have to be held back on the farm owing to insufficient terminal storage space.

Domestic flour business was again light today, and this was a disappointing feature to some who had figured that after the prolonged dullness there might be some improvement, but apparently the trade is still awaiting advices from Washington as to ceiling levels.

Primary receipts were 1,962,000 bu compared with 2,095,000 bu last week, and 918,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 371,000 bu.

Trade was again of small proportions, and there is no general confidence, but on the other hand Minneapolis receipts with the embargo should gradually decrease. Therefore, we do not expect much pressure from the Northwest. Final prices were 3/8¢ per bu lower for December, while the May wheat closed 3/4¢ off.

Corn was reasonably firm early, but crop prospects remain satisfactory, and the Iowa report estimated that 89% of the corn was safe from frost, and that on the larger part of the remaining 11% the damage from the early freeze was not serious. Trade was quite indifferent.

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CHICAGO October 16, 1942.

A statement was made today by the President of the Grocery Manufacturers of America to the effect that unless immediate steps are taken to coordinate this country's system of food production and distribution, a major food shortage is a certainty. It is quite difficult for grain men to reconcile a situation at least with respect to the articles which are handled here on the Exchange, particularly when reading the latest United States crop report portraying conditions as they were on October 1st. First of all, record crops are indicated for corn, barley, all grain, all hay, beans, and peas, oil seeds, sugar crops, commercial vegetables for market, vegetables for canning and processing, and probably fruits. So apparently the providence of Nature has extended far beyond grains, and this so often happens with adequate moisture. The crop report goes on to state that average to ample production of most other crops is in evidence. There is, of course, the offsetting factor that farmers have shown less assurance that the tremendous job of harvesting can be completed in season owing to the scarcity of labor. Of course, a wet fall or an early winter would probably catch a big volume of crops still in the fields, but on the other hand, there is no longer any doubt that an unprecedented volume of crops have been grown. As far as wheat is concerned, it is nearly all harvested, and the combined production for winter and spring varieties is 984 million bu, or a quantity that has been exceeded only in 1915. The yield of wheat now is estimated at 19.5 bu per acre, while in corn it is expected to be 35 bu to the acre compared with a previous high record of 31.7 bu, which was attained in 1906. Illinois, Indiana, Ohio, and Iowa all show record corn yields, ranging from 53 to 59 bu an acre.

The trade is not paying very much attention at the moment to the actual supply and demand situation, and doubtless prices would be very much lower than they are at present even with some inflationary tendencies, except for the fact that large amounts of wheat are going into the loan. Later on, the same may be true of corn, plus the fact that feeding operations are being carried on with vigor, as the corn-hog ratio at Chicago was 17.8 for the week compared with 18.1 the previous week, and 15.3 a year ago.

Some discouragement has been expressed not only vocally, but in market prices by the new interpretation of ceiling prices, with soil conservation and parity payments being deducted from the parity level, but the House Agricultural Committee is denouncing in no uncertain terms the farm labor policy. According to the broadtape, a statement is being addressed to President Roosevelt warning him and administration leaders that, unless farmers get plentiful labor, enough tools, and better prices, the nation in another year will probably be without many of the necessities of life. They emphasize that every item entering into the cost of farm production had increased by "leaps" and "bounds," and yet that the urban population had expected the farmer to continue to produce at pre-war prices.

Wheat receipts at Minneapolis have decreased with the embargo, and the primary movement today was considerably smaller at 1,379,000 bu compared with 1,792,000 bu last week, and 1,201,000 bu last year. Kansas City stocks so far this week show a total increase of 241,000 bu. When the visible supply is posted on Monday it will compare with an increase last year of 1 1/4 million bu. At that time the maximum for the season was reached, amounting to 231,318,000 bu.

Trade was rather light; there was no aggressiveness in either direction, and until we get something definite from Washington, the same pattern may be followed. The CCC is prepared to shift its wheat supplies, selling the grades which are desired, and taking ordinary wheat in its place, but apparently the net position will not be lessened. Therefore, we do not regard this as much of a market factor, as the impounded stocks will probably be kept intact in so far as quantity is concerned. Final prices were 1/8¢ per bu higher for December, with the May delivery gaining fractionally.

Corn was rather indifferent, and there was no particular feature.

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CHICAGO October 19, 1942.

There was very little grain news over the week-end, although we had a chance to study the loan figures that had been issued by the CCC. They showed a total of 229 million bu of wheat impounded from the 1942 crop, according to their latest bulletin, which compared with 254 million bu that had been frozen for the similar date a year ago. There is no doubt in our minds that a larger quantity will finally be tied up than was the case a season earlier if wheat prices are maintained at the present level. Attention should be directed to the program as it has worked in the four important Southwest States: Texas, Oklahoma, Nebraska, and Kansas, with a total of 147 million bu presently frozen, while in the four important Northwest States, consisting of Minnesota, Montana, North Dakota, and South Dakota, only 26 1/2 million bu has thus far come under loans. It is almost a certainty that the lag is due to the fact that terminal space is pretty well occupied, and, therefore, it takes somewhat longer before the county agents are able to arrange the necessary details in handling farm loans. Considering that a large spring wheat crop was raised and that Minneapolis December wheat isselling at a discount of 8¢ under Chicago, with the loan price the same in both markets, we feel that northwest farmers will finally be obliged to take advantage of the government's benevolence on a big scale. Our cash tables today were full of feed wheat, which presumably had been shipped here from the Northwest. The chances are that it was purchased on the basis of $1.16, with deductions for off-grades on account of damage, but a good part of it consisted of prime milling wheat, which will undoubtedly have to be mixed down. It may be stored here in Chicago for some time, as room was created by shipping corn out. The plan is to sell it to farmers or merchants for feeding purposes, and under the feeding program, it will bring about 80¢ a bu when sold. The loss, of course, will be sustained by the government.

It is extremely difficult during wartime to assemble accurate data on the world wheat situation, but Sanford Evans offers some very interesting figures, excluding Russia, as to the total wheat supplies of the world, and shows that the carryover on August 1, 1942 ranged between 1,700 and 1,800 million bu, or the largest quantity ever attained, compared with 593 million bu in 1938 and 651 million bu in 1928. Total supplies, including this year's production, are in the neighborhood of 6 billion bu, and certainly a large quantity with the distribution so poor and many countries practically starving to death through inability to get the quantity of grain needed.

In the fourteen weeks since our crop season started, we have shipped less than 5 million bu of wheat and flour, while in ten weeks the Canadian disappearance has been slightly in excess of 36 million bu, and allowing about 1 million bu for home consumption each week, clearances may have amounted to approximately 26 million bu. Even this is not especially large considering that Canada raised a banner crop, and together with the carryover, they had more than a billion bu of wheat on hand last August.

Today's primary movement amounted to 1,810,000 bu; a week ago was a holiday; last year's primaries were 1,333,000 bu. The visible supply increased 524,000 bu, with total stocks in all positions amounting to 221,740,000 bu; this is 9 1/2 million bu less than a year ago. At that time the high for the season was recorded. Chicago stocks decreased 205,000 bu, still leaving more than 11 1/2 million bu here.

There was not much feature to the market. No particular pressure developed, but on the other hand, buyers were not at all aggressive. With thesagging tendency in corn, wheat traders were somewhat discouraged, but we believe the trade was larger than on Saturday when only 3 million bu were traded in the pit for all wheat futures. Last prices were 1/8¢ per bu lower, with carrying charges widening. We expect this to continue as there is no incentive for elevators to carry wheat when they can do so much better in corn.

The yellow cereal was subjected to some hedging. No. 2 yellow corn sold at about 1 1/2¢ under the future, and the bid for new corn was even less. With nearly a 5¢ carrying charge from December to May, this is naturally attractive. There seem to be a good many longs in corn yet, but hardly any shorts; therefore, the technical position is not too healthy.

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CHICAGO MERCANTILE EX.

October 20, 1942

Trade in wheat, and for that matter in other grains, is almost at a standstill. In a full session yesterday less than 2 3/4 million bu of wheat were handled in the whole pit. Formerly one commission house with a wire system over the country would easily have handled that much volume by itself in order to pay the overhead. However, the reasons for the reduction are quite obvious, owing to the many changes that come out of Washington each day, and nobody seems willing to take much risk until the issues are clarified.

It has often been stated that the government wants a hedging market so that the elevator merchants and handlers of grain can protect themselves, but this is only possible when there is some sort of speculative trade. We are very much afraid now that unless some changes are brought about before long it will become more and more hazardous for legitimate operators to carry on business at present margins. During the last war, when futures trading was halted, there were very heavy fluctuations both up and down, and in spite of the fact that the margins of profit were very great, any number of failures occurred. It is, therefore, essential if ordinary merchandising business is to continue that markets will be broadened, and especially so during periods of heavy accumulations when even the loan does not fully take care of all the grain that has to be moved.

When our market opened this morning, it was influenced by a despatch from Washington stating that the Department of Agriculture had authorized the CCC to purchase wheat which graded No. 2 or better, and which contained not more than 13% moisture at the loan rate levels. The Department also stated that county committees of the CCC would only buy this wheat if steel or wooden bins were available to store such purchases. There was no indication whether such grain would be bought from compliance or from non-compliance farmers, nor the quantity which the CCC might deal in. In any event, it did encourage some buying, and our market opened somewhat higher, so that with lack of pressure better prices were registered.

There has been no improvement in the milling demand for the reason that with temporary ceilings there seems no particular urge to make forward commitments. Millers are reported to have been conferring with the OPA during recent days, but we have not learned of any developments resulting from these conferences. The OPA office has suggested that possibly subsidies are being considered. Of course, it would make a great deal of difference whether further direct subsidies were to be paid to the farmer in lieu of a higher market, or whether prices would be permitted to rise to the parity levels, and the millers subsidized to the extent of possible losses if they had to sell flour on the basis of the recently established ceiling. We have in mind that possibly advances might take place later on if sufficient quantities of grain would become impounded. This seems altogether likely if 450 million bu from the 1942 crop is frozen in addition to possibly 300 million bu from previous crops, with another 100 million bu of wheat in the balance which is now stored on farms but which is not pressing on the market. It is for this reason that supply and demand factors are not asserting themselves, as would be the case in normal times.

As we view the President's recent directive, it gives considerable latitude to the OPA. Therefore, there is some hope that the grain trade may still be able to function under better auspices than at present. On October 3rd, Mr. Roosevelt amongst other things, told Mr. Henderson: "In line with my recent message to the Congress, you should consider present governmental payments to agricultural producers, and subsidy payments in arriving at the minimum ceiling price." We are not at all certain from this directive whether the President had demanded the deduction of these payments, for as we see it he had simply suggested that they be taken into account. It is the contention of several Senators that the recently established law with reference to price control is not being strictly carried out. Time alone will tell who is going to win in this controversy.

Statistics were of no importance and had no market influence. Best prices of the day were not maintained in wheat, as some profit-taking set in.

Corn was distinctly weak, and the December future made a new low for the season.

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CHICAGO MERCANTILE EX.

CHICAGO October 21, 1942.

At the moment speculation is at low ebb for the very good reason that nobody can forecast the changes in value while so many artificial stimuli are being planned in Washington. In ordinary times, men speculate because prices fluctuate, and it is certainly a stubborn economic fact that values do change from time to time. If all the speculators in the world were dead, prices would still fluctuate. We have a great many commodities in which there is no speculation, and yet, there is a price fluctuation. In the past many people thought that short selling was the reason for sharp breaks that occurred in grain markets, but in real estate or in bank stocks, in which there rarely was short-selling, the value declined about as precipitously as it did in those commodities in which there was organized trading. Take, for instance, a government bond, there is stamped on its face in very plain figures just what the amount is. Our own federal issues will be finally paid in full, and certainly no doubt about that. Yet the prices of these bonds fluctuate from day to day, and at times the variation has been quite considerable. The building of the Suez Canal, which required the issuance of a large amount of securities, proved to be a great success. The investors, or as our legislators might term, the speculators, because of the great risks connected with it, realized good profits from their venture; in fact, the British government when Disraeli was Premier conceived the idea of buying Suez Canal shares in the speculative markets of London and Paris until a majority interest had been acquired. This led eventually to the British occupation of Egypt. Here we have one speculation which was applauded by the whole world, but which could not have taken place had there been such great restrictions of speculation as we have today.

The trade is still greatly confused over the many issues which are being considered in Washington. While farmers may accept subsidies in good grace when they accrue to their benefit, in the final nalysis this is bound to break down the marketing machinery of the ountry. Another question which was not fully understood yesterday was the one with respect to the authorizing of the CCC to sell all of ts available bins now located at country points in an effort to relieve the overburdened storage situation. As it now develops, the rocedure will be available within the next few days, and where such bins are not purchased by producers they will be offered for sale to local country warehousemen who have signed the uniform grain storage agreement. The understanding is that such bins are to be operated as uxiliary storage in connection with their present licensed public warehouse storage. Since it is our opinion that this additional amount of storage will not be an important factor, we doubt whether its influence upon prices will be a big item, although we do feel that at present levels impoundings will continue to increase, so that finally they may reach a figure considerably in excess of what was frozen last year, when about 370 million bu was tied up under government loans at the peak.

Primary receipts were 1,462,000 bu compared with 2,492,000 bu last week, and 909,000 bu last year. Kansas City and Minneapolis stocks o far this week show a net decrease of 8,000 bu. Since the embargo has ecome effective in Minneapolis receipts have tapered off, with only 60 cars received in that market today, or about half as much as last week, while Duluth received only 45 cars.

There seems to be no pressure upon the market, except some selling by longs from time to time, and this naturally prevents sharp breaks. n the other hand, there is no spirited buying. While the flour demand showed a slight increase today, there were not many hedges removed rom the pit. Final prices were 1/8 to 3/8¢ per bu higher.

Some liquidation took place in corn, with the December delivery making another new low for the season, but final quotations were just shade lower.

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CHICAGO MERCANTILE EX.

CHICAGO October 22, 1942.

One of the major problems now facing the country is the conservation of manpower. Mr. Paul V McNutt, the war manpower Director, told Congress yesterday that it is only a matter of time before drafting of men and women for war work is inevitable. He further stated that any manpower legislation must embrace women because there are not enough men tomeet current employment and the armed service goal of 62,500,000 persons, or 5 million more than are now in uniform or war industries. Under the circumstances, on any future policies to be adopted by the different government agencies, first consideration should be given to the size of the organization necessary to conduct the work. It has always been suggested that private industry functions more economically than governments. For any business to successfuly weather competition, costs must be kept down to a minimum, and all overhead carefully checked and kept within bonds. It has been proved time and time again that the system of handling farmers' grains, through the use of the hedging market, has been one of great economy, and with an extremely small cost for handling.

The trade is still prepared to carry on the functions they have performed in the past, but in order to prevent costs from rising, which would ultimately penalize the producer, it is necessary to have an active futures market. And to have an active futures market, prices must have sufficient leeway in which to fluctuate. There have been intimations that the OPA office might consider subsidies as a means of keeping flour prices somewhere within the range of present temporary ceilings. We still cannot subscribe to the inflationary fears. Provided wheat should advance to the full parity price, we believe it would have very little effect on the cost of a loaf of bread, to the consumer. However, if it is deemed expedient to give a subsidy, it certainly would appear as though it could be done with much less detail work, and the employment of vastly fewer new people by dealing with relatively only a handful of millers against a subsidy to producers involving thousands and thousands of farmers. Furthermore, a subsidy to the farmer would probably finally lead to stagnation in the futures market, forcing more and more wheat to be handled through governmental hands.

Since yesterday there has been some further clarification of the CCC announcement of selling all its available bins, and the purchasing of wheat. They now claim that the bin program covers only the States of North and South Dakota, and Montana, Although farmers in those areas have bought a substantial number of bins, there are many more unsold; therefore, the government has extended the program to warehousemen, so those firms may obtain additional storage space for loan wheat not held on farms. It is estimated that the bins offered will have a total capacity of about 10 million bu. The CCC also stated that the county committees will be authorized to buy the 1942 wheat from farmers at the loan rate, using federal funds, and to store such grain in government-owned bins located outside terminal areas. This part is a national program, and contemplates the sale of some 10 million bu of additional wheat now on the ground in many sections on account of lack of farm storage space.

Primary receipts today were 1,227,000 bu compared with 1,962,000 bu same date last week, and 763,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 56,000 bu.

Timely rains in Kansas last week prevented any fear of fall drought, and it is now reported that the crop is entering the winter in fine condition, and ample pasture for livestock.

Our markets continue to be more or less indifferent, with many traders perferring to await further action from Washington before making commitments! Flour business was reported as only light, and there was no particular support from that factor. At the close, December wheat was 1/4¢ per bu higher, and the May 1/8¢ up.

There was some short covering in corn by locals, but this market also was rather dull. Bookings from the country are comparatively light, although new corn is being offered at substantial discounts.

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CHICAGO MERCANTILE EX.

CHICAGO Oct. 23, 1942.

The grain trade and the flour industry have been trying to turn over in their minds just how the breadeaters of the country would be fixed in the event that wheat prices might advance through the artificial loan situation, with a ceiling price placed on flour by the recent order of the OPA. It has been contended, and rightly so, that during the period from January 1941 to the present time wheat prices had fluctuated quite considerably, with an extreme low of 79¢ established in February 1941 to the high point of $1.33, which was reached just recently. In other words, a span of about 54¢ a bu during that period of twenty-one months, and yet the price of bread remained completely static, with the 1 1/2-pound loaf selling for 10¢ during that period in retail stores. Thus, it must be quite obvious that even if the farmer were permitted through existing conditions to benefit to the extent of receiving the full parity level, the housewife would not have much reason for complaint, except on that small quantity of flour which was used for home baking, mostly cakes, etc. Nevertheless, in a desire to combat inflation flour ceilings have been adopted, and late yesterday it was announced that in order to prevent a wheat ceiling price, a new device had been agreed upon by the OPA and the Department of Agriculture in an effort to prevent a "squeeze" that might affect millers. More specifically, the new program authorizes the CCC to make loan stocks available for consumption through a subsidy at prices somewhere over present levels by returning to the farmer a part of the wheat which is placed under the loan from the 1942 crop. The producers in turn would sell this wheat to millers at prices which would approximate those during the period of September 28th to October 2nd, which was also the base period for flour ceilings. This price would have to be low enough to permit flour millers to buy their wheat, to grind it, and then sell it as flour at a price under the established OPA ceilings.

The grain trade naturally construed this in a bearish vein, for the reason that it definitely places a large quantity of wheat just over the market, and as during the Farm Board era, the threat of these sales will prevent aggressive buying. We are, therefore, afraid that markets may become even narrower in scope, which in turn would be detrimental to hedging operations. There is much still to be determined, as nobody knows what quantities may be released, nor just at what price loan stocks will come back into the free market. As a result, we had further liquidating orders in the pit this morning, with some stop-losses uncovered.

While all these artificial stimuli continue, our export outlets are as poor as ever, and for the first fifteen weeks of the crop season only 5 1/4 million bu of wheat and flour has cleared. During the past week, the Canadian disappearance ran slightly over 5 million bu, indicating that with about a million bu consumed at home, exports might have been in the neighborhood of 4 million bu, or almost as much in one week as we have shipped all season. To-date, we reckon that Canada has placed about 30 million bu of wheat and flour afloat, with possibly some shipments to Russia.

Primary receipts were 1,273,000 bu compared with 1,379,000 bu last week, and 1,040,000 last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 17,000 bu. When the visible supply is posted on Monday it will compare with last year's decrease of 688,000 bu.

Trade was not heavy, although somewhat better than yesterday, when only about 3 million bu were handled in the whole wheat pit. There was no spirited buying, although some recoveries came after arly liquidation had been dissipated, but yet final prices were about /8¢ per bu lower for December wheat, while the May wheat was under reater pressure and closed 1 3/8¢ per bu weaker.

Corn held up well; present receipts are light, possibly for he reason that there is not much room in Chicago elevators. There was lso some unspreading with corn bought and wheat sold.

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CHICAGO MERCANTILE EX.

CHICAGO Oct. 26, 1942.

There was very little grain news over the week-end, and hence, our market opened at practically unchanged prices from the previous session. It was announced early this morning that Mr. Byrnes, the new Director of Economic Stabilization, would testify before a Senate Committee, together with Mr. Leon Henderson and Secretary Wickard. However, nobody was of the opinion that this would bring about any great changes in the Washington situation, and accordingly, fluctuations were within very narrow limits. When Mr.Byrnes did appear before the Senate Agricultural Committee to defend OPA flour price ceilings, he disclaimed any responsibility for the order, and stated that in his opinion, it was not directly in violation of the law. It was also said that Mr. Henderson had received a directive from President Roosevelt to do so. There was further comment upon the farmers' status, but Mr. Byrnes also explained that when OPA had taken this action, they took into account parity payments and other subsidies to producers in determining a price that would reflect full parity income to the producer.

Other news was more or less routine. We had been told on Saturday that 241 million bu of wheat had been impounded from the 1942 crop, but the CCC office also stated that there was a great lag in the compilation of figures,so that possibly another 100 million bu had been frozen but could not be recorded officially until the proper bookkeeping entries had been made. In any case, using the amounts which have actually been stated as officially tied up under the loan, we find that the Kansas farm stocks of frozen wheat are 32 million bu while last year only 20 million bu was tied up at the peak of accumulations. In Oklahoma, there is over 6 million bu now under farm loan compared with 2 million bu at the peak last year; in Texas, nearly 10 million bu vs. 2 million bu from the 1941 crop, while Nebraska already has more than twice as much under farm loan, with more than 21 million bu already recorded. Based on the present price level, we believe that farm loans will continue to show a big increase compared with all previous seasons, particularly in the Northwest where only trivial amounts have thus far been affected. For example, North Dakota, which is the largest spring wheat producing State has no farm-stored wheat presently recorded under the loan, although a year ago 32 million bu had been entered. In Montana, where 20 million bu came under farm loans last year, only about 13 million bu has been reported up to now. The same is true in South Dakota, with less than 1/2 million bu now tied up, while 9 million bu had been frozen a year ago. Consequently, we feel that the forecast which we made earlier in the season --that possibly 450 million bu would be withdrawn from normal trade channels-- has a good chance of fulfillment, and is probably conservative. The trade, however, is less confident of the effect of the loan program upon prices, owing to the fact that under the present interpretation, if any shortage of free supplies should arise, or if a sudden advance in the price were to occur, these loans could be called before maturity and then the wheat would come back into the normal channels of trade.

Primary receipts were 1,580,000 bu vs. 1,810,000 bu last week, and 777,000 bu last year. When the visible supply was posted it showed a decrease of 264,000 bu, leaving total stocks in all positions 221 1/2 million bu, or about 9 million bu less than was on hand a year ago. Chicago stocks decreased 118,000 bu, with 11 1/2 million bu left in this market.

Trade was again very light, possibly not much more than on Saturday when 3 1/2 million bu of wheat were trade in all three futures, and less than 6 million bu of all grain. However, it is quite obvious that nobody can become very aggressive in either direction while the artificial loan situation tends to give us more or less of a floor. This naturally makes very little pressure upon markets. We have seen a winter wheat crop of 700 million bu handled with little strain inasmuch as hedging pressure was light throughout. On the other hand, should the market advance to possibly $1.29 1/2 forced redemptions might take place, with larger quantities then available for grinding purposes. Final prices were 1/8¢ per bu higher for the December future, with May wheat advancing 1/4¢ per bu.

Corn was barely steady, but there was no feature. Rye was distinctly weak, and this is one cereal where the demand is hardly apt to pick up much until after peacetime.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO October 27, 1942.

We wish to quote from a recent article by Broomhall discussing the Canadian situation, as the points raised are applicable to any exporting country. He writes as follows:

"A point which strikes us very forcibly is that although Canada's wheat marketing problem may be aggravated by wartime restrictions, the problem would still exist were the world at peace, and the International Wheat Agreement in force, Practically the only provision made in that agreement to deal with an extraordinary production is that the exporting country, by proving that the excess production is due to above normal yields and not to excess acreage, will be allowed to retain the wheat as 'permitted reserve' and will not be called upon to destroy it. The agreement is intended to keep up prices no matter what may be the seasonal balance between international supply and demand. Canada's export quota would not very with her seasonal production. We may well wonder whether, after one or two heavy crops, the Dominion, or any other exporting country, would find it economically possible to abide by its commitments under the Agreement. Abnormal crops require a flexible marketing system, not a static delivery or export quota. Sales must be increased, the world scoured for fresh markets. Given reasonable freedom from government interference, the wheat trade could handle such a situation; bureaucracy most definitely could not."

If in planning for the post-war era the private trade will be called upon to play its part, then great care must be exercised to see that the machinery for handling same is available. An integral part of the machinery is the oft criticized but least understood system of futures trading and hedging. Probably no one would make the statement that the private grain trade could not function without a futures market, but the question arises at what cost to the producer of wheat. Any unbiased investigation of the marketing system would show the extremely small margin of profit for which the so-called middlemen are able to handle the farmers' grain. It is fundamental that the cost of handling any product is commensurate with the risks involved. If the United States decides to continue to remain a wheat exporting country, then our price will be subject to developments outside of the country. Wheat is either raised or consumed in practically every part of the globe. As an exporting country what happens in Russia, or what happens in Africa, or what happens in Australia, or in Argentina has an effect on wheat prices in the United States. A drought in Argentina can cause world wheat prices to advance; a large surplus crop in Australia can cause a decline. In peacetimes almost every day brings some news affecting values. Through the system of futures trading, the handlers of grain have minimized their risk either for domestic or foreign uses. Should these facilities now be removed through inability of markets to function, the handling of grain would pass from one involving nominal risks to one subject to great price hazards, and eventually this would be reflected in the price which the farmer would be able to obtain. Even though some form of government aid be continued, it will make these programs very much more expensive at a time when costs may have to be taken into consideration.

Primary receipts today were 1,310,000 bu, which compares with 1,587,000 bu last week, and 958,000 bu last year.

There were no new Washington developments overnight, and from hearings in Washington it appears very likely that at least for the present we will have to work with ceiling prices on wheat and flour as laid down by recent tulings of the OPA. Under the circumstances, for the time being, enthusiasm has been stifled, particularly with light milling demand. On the other hand, there is no new sustained pressure, and wheat has a firm undertone. At the close December wheat was 1/4¢ per bu higher, and the May 1/8¢ lower.

Rye was again subject to liquidation, and with an open interest in the December future of approximately 21 million bu, further declines could take place.

Although there was some liquidation in corn, at no time was there any heavy pressure, and price changes were rather nominal.

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CHICAGO MERCANTILE EX.

CHICAGO October 28, 1942.

At the moment wheat trade is almost in a stalemate. Very little interest is being expressed in markets, and milling demand remains light. In the past under more normal conditions, bakers have usually anticipated their requirements, with the consequence that mills were able to operate on orders for extended deliveries. It has very seldom been the custom of the milling trade to operate by placing flour in stock and waiting for anticipated demand. However, under the present price ceiling, there is not the urge to make future commitments; therefore, the merchandising policy of many of the mills may have to undergo some change. At least temporarily, this has all reacted to the detriment of the futures market, the disruption of which may lead to some serious problems to be faced in the future. If every mill required the same grade of wheat for their mixture, if the product of the farmer was uniform, and if the marketing was equally divided during the twelve-month period, many of the difficulties could be avoided, but this is not the case. The so-called middleman must collect the grain as it is offered by the farmer, and must be in position to deliver to the trade a particular grade, in weight or in protein content, at whatever period the demand arises. This entails handling, storing, and conditioning, which in the past has been reflected in the so-called carrying charges. Unless adequate provisions are made in the stabilization program, it is extremely doubtful if private trade would be able to play its usual part in merchandising wheat.

The government weekly weather and crop reports indicate that in the eastern belt light to moderate rains have facilitated germination of winter wheat, where seeding is well along or completed, so that much of the grain is up to good stands. In the western winter wheat belt conditions continue generally favorable, with fields affording much pasture throughout the Great Plains area. The rather dry condition in the Pacific Northwest has been relieved, which will be helpful to further seeding and also to the germination of grain that has lain dormant. From Argentina, Sanford Evans reports that beneficial rains have fallen in many sections of that country. According to Broomhall, prospects are well maintained, except in the extreme West. Present indications point to a wheat crop of some 200 million bu, which, while slightly under last year, might give our southern neighbor total supplies for 1943 of approximately 330 million bu. In Canada, while colder weather prevailed in the Prairie Provinces, there was little precipitation to interfere with harvesting, and cutting is practically completed. Total deliveries of wheat to country elevators since August 1st were 76,840,000 bu. Shipments of coarse grains down the lakes to American ports since August 1st amounted to 1,690,000 bu of oats, 2,153,000 bu of barley, 99,000 bu of flax, and 91,000 bu of rye.

Primary receipts totaled 1,103,000 bu, which compares with 1,402,000 a week ago, and 1,067,000 bu same day last year. So far this week stocks at Minneapolis and Kansas City show a total decrease of 196,000 bu.

Despite lack of any overnight news, wheat held relatively firm throughout most of the session, but toward the end felt some effect from the weakness in rye. At the close December wheat was 1/2¢ per bu lower, and the May 1/4¢ off.

Rye was again under liquidation, although there was some recovery from the lows. In spite of yesterday's selling, the December open interest declined but very little, and stood approximately at 30 1/2 million bu.

Corn received some support from buying which was accredited to outside industry, but this cereal also was affected by liquidation. While a good demand should exist throughout the season for feeding purposes, new corn will soon move in larger quantities, and some caution is needed at the moment.

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CHICAGO MERCANTILE EX.

CHICAGO October 29, 1942.

During recent sessions sharp declines in the rye market have had some influence upon other grains, but yet wheat has held relatively well. Probably the reason is that there is so little pressure from any hedging sources. Despite the embargo at Minneapolis, where the permit system has been used, there were 224 cars of wheat received today compared with 130 cars last year. Nevertheless, the milling consumption in this country is more or less constant, and even though there are times when the commitments for forward shipment are lagging, the population consisting of 132 million people continues to eat bread, and probably a little more than is normally the case owing to the extra requirements for army and navy, plus the fact that we have heavier employment, with people eating more than was the case some years ago.

In the Southwest carlot receipts are running a shade higher than last year, but in the aggregate consumptive demand is keeping up pretty well. It seems that with the loan so attractive compared with the present price level a good deal of wheat continues to be impounded. This naturally makes for a very narrow market, with slightly over 4 million bu traded in the pit yesterday, which was even a smaller quantity than the volume of rye, as the latter consisted of 7 3/4 million bu. In a general way, the trade figures that if there should be an advance to, say, $1.29 1/2 for cash wheat, the new government subsidy might come into play, and in order to maintain a flour ceiling and still permit millers to grind wheat without a loss to themselves, some of the grain presently impounded would come back into consumptive channels again. With this in mind, there is not likely to be a very large trade regardless of other important factors, such as growing conditions later on, or possibly heavier exports or items which in ordinary times have a very important price function.

Actually, our clearances of wheat and flour are almost at a minimum, with only 5 1/2 million bu shipped during the first sixteen weeks of the crop year. The bulk of the business is undoubtedly being handled by Canada, where the disappearance in wheat stocks since August 1st has amounted to nearly 46 million bu. If we assume that home requirements take care of a million bu a week, one could conclude that exports would account for about 34 million bu, and this is undoubtedly filling the greatest part of Britain's requirements, with possibly some provision also for the re-routing of certain quantities to Russia.

It seems that whenever speculation in the leading cereal is at low ebb, it has more or less influence on corn, also. In the latter cereal, the corn-hog ratio at Chicago is very high, at 19.2, or slightly better than the previous week and compares with 14.7 a year ago. However, with the tremendous crop that was raised and the big carryover, it will take some time to eat into our reserves. Therefore, if anyone is speculatively inclined, he may have to exercise great patience and possibly allow, also, for the carrying charge, which is somewhat of a handicap.

Primary receipts of wheat were down to 883,000 bu today compared with 1,227,000 bu last week, and 813,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 297,000 bu.

Without any particular inspiration markets sagged in sympathy with the weakness in rye, and final prices were 3/8¢ per bu lower for December wheat, while the May future declined 1/4¢ per bu.

Corn was reasonably weak, and there was no special pressure. Many people feel that the primary movement during the year will just about suffice for commercial purposes. However, so many farmers raised more than they had expected, and there is always bound to be some corn for sale, even though feeding possibilities continue exceptionally attractive.

Rye is at a level now where the December future is practically down to the loan price. Actually the farmer could borrow 60¢ a bu on his farm and would not have to market his grain. Therefore, declines may not be sharp, but a speculator who buys must bear in mind that there is an 8¢ carrying charge from December to July, and this has been a handicap for a long time to bullish operations.

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CHICAGO MERCANTILE EX.

October 30, 1942

When the new parity figure was announced late yesterday by the
partment of Agriculture, they reported the wheat price at 136.1 com-
red with 124.6 last year. A fairly steep increase was shown from the
evious figure, although a revision for September was also disclosed
d we now have parity prices at the highest level since the system of
putation was first instituted. Actually, it should have no real bear-
upon wheat prices, since the loans of 85% of parity are established
basis of the June figure and will remain in force for a period of
elve months. However, July wheat is a new crop delivery and should,
erefore, be affected when next year's calculations are made. This
ght easily bring about a wider carrying charge between old and new
op positions, although, here again, we find uncertainties owing to
e fact that much will depend upon the amounts of free grain which
e held at the end of the present crop year. The upward revision in
rn parity was naturally of greater concern, and the new figure of
.9 compared with 90.5 a year ago. This clearly shows that the various
ticles which farmers have had to buy have gone up considerably during
e past twelve months. On basis of an 85% of parity loan, the average
rm loan price would be about 81¢ a bu, and this led traders to the be-
ef that a good deal of corn would either enter the loan or would be
d due to the favorable relationship of feeds to animals. In any
ent, it is expected that while there is a fairly liberal run of corn
market at the present time, the commercial users may later find it
re difficult to make their purchases, and this was responsible for a
mewhat higher market for corn. Oats also sympathized, and while
ere is no loan for this cereal, it is felt that anything which affects
e chief feeding cereal would be reflected in related grains, and the
ances are that there will never be a heavy oat movement to market,
that prices here also rose fractionally.

There was no particular incentive for making new wheat commitments,
rticularly since the fall-seeded and volunteer wheat is making ex-
llent growth, and the moisture situation is extremely favorable in
st sections of the country for this time of year. In Oklahoma, damage
om insects and weather has been unusually light, and although the
nter wheat acreage will be small compared with some of the peak years,
have just completed a season when the second largest crop of record
s raised, clearly indicating how important it is that the crop should
t off to a good start.

Northwest receipts today were quite large, with Minneapolis and
luth reporting 599 cars of wheat in those two markets compared with
9 cars last week, and 306 a year ago, but hedging pressure is not
ch of a factor right now; so even with a limited milling demand there
apparently sufficient consumptive inquiry to take care of the daily
ceipts, and we have found that the open interest has not gone up dur-
g the period when ordinarily accumulations take place. For all three
eat futures, there is only 39 million bu of wheat open, and the daily
rnover is exceptionally light, with only 3 1/3 million bu traded
sterday. This naturally means that the smallest type of order could
sily influence the market in either direction.

Primary receipts were 1,345,000 bu compared with 1,273,000 bu
st week and 812,000 bu last year. Kansas City and Minneapolis stocks
for this week show a total decrease of 319,000 bu. When the visible
pply is posted on Monday, it will compare with last year's decrease
1,286,000 bu.

Trade was again extremely moderate. December wheat, owing to the
aracter of orders that came into the pit, gained a little on the dis-
nt futures, and closed 3/8¢ a bu higher.

In corn, the advance was not maintained but owing to the higher
rity price, there appeared to be a somewhat better sentiment.

Rye, which for many sessions has been extremely week, recovered,
ssibly for technical reasons. Trade, however, was not particularly
tive.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO November 2, 1942.

There was absolutely no grain news over the week-end, and as a result our market opened at practically unchanged levels.

On Saturday, the wheat loans had been announced showing that 256 million bu was impounded from the 1942 crop, but even this figure is more or less worthless owing to the fact that the Department of Agriculture admits that possibly another 100 million bu has been frozen. It may take some time yet before this can be officially stated due to the fact that the compilations take time with so many small loans being negotiated. Onthe theory that about 356 million bu of wheat has been withdrawn from this season's production, and with 277 million bu frozen from previous years, this in itself is a large quantity which has been made sterile. Nevertheless, there is another 100 million bu still in question, this grain being stored on farms, and the government has extended the loans, so that we shall not know for some time yet where the title actually belongs. In any event, there is 733 million bu of wheat which apparently is not pressing upon the market. We started our crop year with a yield of 984 million bu and a carryover of 633 million bu, or total supplies of 1,617 million bu. From this must be deducted 733 million bu of frozen grain just referred to, and we must allow also for a minimum of 150 million bu of wheat generally used for feed and seed, together with 200 million bu which has undoubtedly been ground by mills thus far, the total amounting to 1,083 million bu. This leaves only about 534 million bu of free wheat, and is probably the reason why we are experiencing so little pressure. Furthermore, farmers have until December 31st to put additional quantities of their grain into the loan, so that even a lesser quantity actually is available for normal usage.

We had a rather firm market this morning, but there was no aggressive buying, and it seems that neither the mills nor the bakers will become very excited when they know that the impoundings from the 1942 crop are still subject tocall and redemption before April 30th under a subsidy program, so that no real tightness is possibly under this setup. Furthermore, recent weather has been very propitious, with moderate to light rains facilitating the germination of winter wheat over much of the belt. Kansas, which is the largest wheat producing State,is doing nicely. Wheat covers the ground and is established in a good root system. Northwest receipts of wheat were quite heavy, with 851 cars at Minneapolis and Duluth compared with 650 last week and only 417 last year.

When the visible supply figures were posted today, wheat showed a decrease of 672,000 bu and now totals 220,804,000 bu, which is a decrease from last year of 8,540,000 bu. Chicago stocks increased 73,000 bu and now stand at 11,578,000 bu. Primary receipts today were 1,442,000 bu as compared with 1,580,000 bu last week and 713,000 bu for the same day last year.

In a special message to Congress, President Roosevelt asked for the authority for the duration of the war to suspend all or any peacetime laws restricting international trade. This would include the removal of trade barriers or any regulations prohibiting or impeding a free flow of munitions or other supplies. It would take quite a stretch of the imagination to put grains in this category, although if anything were done, it would probably be only on feed grains.

The market had a better undertone today and some semblance of outside buying, although the trade was again of very modest proportions. On Saturday, there was only 1,603,000 bu of all wheat traded and the total of all grains was down to the small figure of 4,304,000 bu. At the close December wheat was 3/4¢ a bu higher, while May wheat was up 7/8¢.

Corn also benefited from a better demand, although lower grades of new corn are selling at terrific discounts. In talking to the country today we are advised that there is quite a holding tendency and all preparations are being made by farmers to find temporary storage and to keep back supplies for the present.

There was a better demand from industries for oats and that cereal staged a good recovery.

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CHICAGO MERCANTILE EX.

November 4, 1942

Net farm income this year will be close to $10 billion, or possibly 10% greater than the preceding record of 1919. It is not surprising in view of the fact that we raised the largest corn crop of record and that our wheat crop, despite a reduced acreage, was the second best yield ever harvested. Furthermore, with military and Lend-Lease requirements, there have been wonderful opportunities for feeding, with the result that hogs and livestock are selling at very attractive prices. It is now thought that the need for Army and Navy, plus Lend-Lease buying of food, in 1943 may be 50% greater than during the current season, and that the total takings will be one-fifth of our agricultural production. Possibly civilian demand will also increase owing to the prosperous condition of our population.

Nevertheless there seems to be some resentment on part of the farmers, because of the fact that ceiling prices do not permit them to receive as much money as they figure they should share. Possibly, they are thinking more of what may happen in years when Nature will be less provident. It is probably true that in wheat where they are receiving 76% of parity for their product, and in corn 78% of parity, their income is augmented by soil conservation and parity payments to the extent that full parity income works out according to the formula. However, they have made great concessions for the bounties which they have received. In 1938, wheat acreage of the country approximated 77 million acres, and has now been cut to 55 million acres, or a reduction of possibly 30%. In a year when moisture and soil conditions are less propitious, crops might be very much smaller than they were during this banner year. Therefore, their income is bound to shrink materially even though the price level may be reasonably well maintained. There are other cereals, such as oats, where the producer is receiving only 70% of parity, and barley only 60% of parity, while rye, which has been quite depressed for some time, is returning the farmers only 48% of parity, and in the latter cereals there are no extra payments to bring income up to the desired level. With grain sorghums the situation is such that the farmer gets 56% of parity and his only chance of doing better is by feeding to livestock, but anyone who markets the commodity and does not have the facilities to feed is naturally handicapped. Thus if the anti-inflationary bill is enforced according to present interpretation, it cannot fully bring to the producer as much income as was visioned when the parity formula law was written.

The CCC now estimates that 457 million bu of wheat will be impounded at the peak of accumulations. This is very close to the figure which we have had in mind for many months. It is nearly half of what was produced, but in conjunction with the wheat made sterile by the freezings of previous crops, it does suggest that no material weakness should occur. On the other hand, moderate advances from the present level would bring some of the frozen supplies back into normal channels, so that with this setup fluctuations are bound to be limited.

Owing to election, primary receipts are for two days; and total 1,996,000 bu, which compares with 1,103,000 bu for one day last week, and 798,000 bu for the same day last year. So far this week Kansas City and Minneapolis stocks show a slight increase: namely, 65,000 bu.

There was very little grain news over the holiday. In the main, the outlook in the winter wheat belt continues favorable, with wheat making good to excellent growth. All markets opened with a stronger tone, but wheat suffered in sympathy from the weakness in rye, and at the close December wheat was 1/8¢ per bu lower, and May was unchanged. Rye ran into stop-loss orders on scattered selling. There was very meager support, and at one time that cereal had declined about 3¢, although some recovery took place before the close.

In the main producing areas, although somewhat hindered by showers, husking of corn has progressed. Sales out of Chicago today were quite heavy, and will undoubtedly total over 400,000 bu. While storage will present problems, from what we understand from several of the country districts, farmers are making all preparations possible to hold back the marketing of this cereal.

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CHICAGO MERCANTILE EX.

November 5, 1942

We sometimes wonder whether history repeats itself. It was during World War I that this country raised its first billion bushel wheat crop, and in 1915, with 60 million acres sown and a yield of 16.7 bu to the acre, production was 1,008 million bu. This later turned out to be a great blessing, for in the following two years we scarcely raised enough for our wartime needs at home. In 1916, our crop amounted to only 634 million bu, and in 1917, 620 million bu, but during all this period the export demand was tremendous and our Allies had to be fed. In the crop year 1915-16, we shipped 241 million bu, the following year, 202 million bu, and during the last year of that war we cleared 132 million bu. In fact, Europe's need for wheat in 1917 was so urgent that Lord Rhondda, the Chairman of the British Royal Commission on wheat supplies cabled to Mr. Hoover on February 1, 1918 as follows: "Unless you are able to send the Allies at least 75 million bu of wheat over and above what you have exported up to January 1st, and in addition to the total surplus in Canada, I cannot take the responsibility of assuring our people that there will be enough food to win the war." Mr. Hoover replied: "We will export every grain that the American people save from their normal consumption. We believe that our people will not fail to meet the emergency." In one respect, we do not see much similarity: namely, that the demand from this country will pick up much so long as there are tremendous supplies of grain in other exporting countries offered at a much cheaper price. We have particular reference now to Canada, in which country they just harvested the largest wheat crop of all time. Nevertheless, with the government intent on cutting acreage, and with some difficulties in obtaining farm labor, there is no assurance that we shall continue to harvest billion-bushel wheat crops, as was the case last summer, and consequently we can figure on only average conditions, although with the fall rains that have obtained, the winter wheat crop is certainly getting off to a wonderful start.

Great Britain harvested a record crop and seeding for the 1943 harvest is about completed. Mr. Hudson, Minister of Agriculture, asked producers to increase their plantings by 25%, but this goal appears somewhat high and may not be reached. It is difficult to get much authentic information from Germany, although Goering claims that the 1942 harvest was a success. However, it is pretty definitely established that the two previous crops were short, and with possibly 11 million foreign laborers and prisoners of war to feed and no grain reserves, it may yet be a very trying period, inasmuch as imports are almost impossible. The result must obviously be that the occupied countries will be exploited as never before.

Northwest receipts were lighter, with Minneapolis and Duluth recording 272 cars of wheat compared with 459 last week and 182 last year. Primary receipts totaled 1,203,000 bu as compared with 883,000 bu last week, and 575,000 bu comparable day last year. So far this week stocks at Kansas City and Minneapolis show an increase of 119,000 bu.

The technicians of the Department of Agriculture have estimated in forecasting production plans for next year, that the wheat crop will be considerably less because of lower yields and general acreage reductions. Naturally, it is much too early to attempt any accurate guess as to the coming wheat crop, but so far fall conditions as a whole have been extremely favorable. Whether or not the large yields of this past crop can be duplicated remains to be seen. There is very little in the general news to affect wheat price. Markets have a firm undertone, and hedging pressure is rather light. December wheat closed 3/4¢ per bu higher and the May was up 7/8¢.

Corn showed independent strength, and the cash basis has improved. Demand from industries and distillers continue. The Department of Agriculture, in making their forecast, looks for an increase in corn acreage of about 1%, but they estimate that 12% more hogs could be produced in 1943 than in 1942, although not much increase in beef cattle; also milk cows may increase about 3 1/2%. The corn-hog ratio has declined slightly during the past week, but still stands at 19.1, which is exceedingly favorable, and should induce extra feeding.

No particular news in rye; the December open interest remains relatively large.

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CHICAGO Nov. 6, 1942.

From an international point of view, there is certainly nothing bullish in the wheat situation. The surplus countries have greater reserves on hand than ever before, while unfortunately, the outlets continue exceedingly poor. It is not possible this year to make a definite forecast of actual shipments because of censorship in both Canada and Australia, but yet we are convinced that the world's requirements will be much the same as they were last year, and certainly this is small in comparison with peacetime. Of the continental countries, there is only Spain and possibly Switzerland that are importing much wheat from overseas, and even the United Kingdom, which sometimes takes anywhere from 200 to 250 million bu of wheat during the year is economizing in every way possible by extracting 85% of the flour from the kernel, and at the same time increasing production, with probably a larger acreage planned for next year than the one just harvested. The 1942 crop in the British Isles was recently described by the Ministry of Agriculture as one of the best ever produced. There is, of course, Russia, whose important wheat producing sections have been invaded by Germany, in urgent need of supplies, particularly flour, but even her imports will be kept at a minimum owing to the scarcity of ocean-going tonnage. As Broomhall points out, by taking all of the relative factors into account, it does not seem likely that the wheat shipments in the current crop year will exceed 320 million bu, which represents only about 17% of the total surplus available.

From our own country clearances are practically at a minimum, and during the first seventeen weeks of the crop season, we have shipped only 6 million bu of wheat and flour, and thus in spite of a program designed to use 125 million bu of wheat for feeding purposes, the next carryover is bound to be a record one. Canada in thirteen weeks, or since August 1st, has disposed of slightly over 50 million bu in various directions. We presume that it is safe to say that 13 million bu was absorbed at home, and if this estimate is correct, the conclusion is that about 37 million bu of wheat and flour has been placed in exporting channels. However, that country started the season with total supplies of 1,039 million bu, and since her domestic requirements should not exceed 140 million bu, there will also be tremendous quantities on hand even before another crop is harvested. Thus North America will be in position to supply the world with almost indefinite quantities, even should there be a sudden peace.

Firmness in our market today was partially reflected by a better sentiment, which has been developing in recent sessions, and some consideration is being given to a possible change in the Washington program with respect to ceiling prices. There is absolutely nothing certain upon which to base such contentions except the hope that subsidies are repugnant to our population, and that possibly something may be substituted for the present plan which would not materially alter the anti-inflationary curbs.

Recent rains have apparently furnished an abundance of soil moisture, particularly in Kansas, and winter wheat has made excellent growth. As an offset to this there has been a slightly better flour inquiry, which is only natural after a prolonged period of dullness. Flour sales in the Southwest averaged 34% of capacity last week compared with 55% the previous week but only 20% a year ago. In the Northwest mills sold 34% vs. 52% a week earlier and 16% in 1941.

Primary receipts were 1,348,000 bu, or much the same as last week when they amounted to 1,345,000 bu; a year ago they were 675,000 bu. Kansas City and Minneapolis stocks so far this week show a net increase of 27,000 bu. We expect just a moderate shrinkage in the visible supply, and when it is posted on Monday it will compare with a decrease last year of 1,427,000 bu.

All commodities on our Exchange were in rather good demand, although trade was just moderate. Best prices of the day were not maintained, although wheat was finally 1/2¢ per bu higher for December while the May future advanced 5/8¢.

In corn, the improved commercial demand of recent days encouraged longs, and also the first export business in many months, with 400,000 bu destined for Ireland, gave the market a rather good undertone. Movement from the country is extremely modest for the time of year. Rye about recovered the loss sustained in the last few days, but we see nothing in particular to cause sustained strength, as the speculator continues to be handicapped by big carrying charges.

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November 9, 1942

Many Americans stayed close to the radio over the week-end listening to the optimistic war news from North Africa. Following on the heels of Rommel's retreat, the greatest allied armada in military history had landed our troops on both sides of the three key French African points: namely Algiers, Casa Blanca, and Oran. With only passive resistance, the French surrendered Algiers, and this news was sufficiently stimulating to give us a higher stock market this morning, and the carryover feeling affected some of our grains, particularly those in which ceiling prices were not the immediate factor.

In wheat, we have a situation which is bullish only because of the artificial loan status. Having started last July with a crop of 984 million bu, and a carryover of 633 million bu, total stocks were 1,617 million bu. We presume that while normal domestic disappearance might run 670 million bu during the current season, one must allow for additional quantities of wheat to be fed to livestock owing to the government program. Thus we assume that possibly 730 million bu will be consumed at home, and we also can see that while exports to date have amounted to only 6 million bu, the total may swell to 30 millions if additional quantities are handled through Lend-Lease. This all suggests that on July 1, 1943, we shall be faced with a carryover reserve of about 850 million bu of wheat. If attained, it would be about four times the normal quantity and considerably more than is consumed at home under the most extravagant conditions. In fact, 850 million bu would ordinarily be sufficient for our domestic requirements, together with all export demand even in a very good year. Therefore, it is obvious that from a statistical point of view, conditions are extremely bearish.

The loans are now given as 266 million bu up to the present time, all representing grain from the 1942 crop. This compares with 294 million bu similar date of 1941. With a lag of possibly 100 million bu in compiling data, it is quite likely that the figure is closer to 366 million bu, which is quite a large quantity removed from commercial channels, particularly since the government holds a considerable portion of wheat that was withdrawn from previous crops. This is estimated to be about 270 million bu, while another 100 million bu is tied up in farm loans, and final disposition of title has not been made.

The winter wheat outlook remains optimistic, with the plant making good to excellent growth and furnishing much pasturage in many sections. Also, rains during the past week were beneficial in the Pacific Northwest, although in some places they came too late for seeding.

Primary receipts totaled 1,230,000 bu compared with 1,442,000 bu last week, and 836,000 bu same day last year. Owing to some delay in compiling statistics, figures on the visible supply were not available today. Chicago stocks decreased 249,000 bu, and now stand at 11,329,000 bu.

The markets at the opening responded to better sentiment, but with lack of any aggressive buying, advances in wheat were not maintained. At the moment milling demand is extremely light, and very little support is coming from that source. At the close December and May wheat were 3/8¢ per bu lower.

Corn operations in Illinois have been somewhat delayed by rains, and by difficulty in obtaining adequate labor. The cash basis has advanced considerably during the past week. While there were no sales of consequence reported out of Chicago today, this cereal has remained in good demand.

A better sentiment in rye developed today with the hope that the present invasion of Africa might lead to a considerable shortening of the war; therefore, bring us nearer to the period when supplies can be shipped to the needy of Europe. However, the December interest remains quite high; it was approximately 18 1/2 million bu at the close Saturday, and apparently this cereal will be subject to further December liquidation.

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CHICAGO November 10, 1942.

While very little attention is paid to statistics, those who have been brought up in the grain business cannot overlook fundamental facts from time to time. The problems confronting most of the export countries are tremendous, and Canada is no exception.

The Dominion Bureau has estimated that the 1942 grain crop for that country is the largest ever grown; they forecast a production of all grains for all of Canada of 1,592,344,000 bu --a record for all times, and an increase from the 1941 crop of about 846 million bu, of which 303 million bu is accounted for by wheat, and 543 million bu by coarse grains. In fact, the total '42 production is almost double that of the '41 crop. Adding this year's crop to the carryover, supplies of all grains available for the 1942/43 season total over 2 billion bu, and exceed last year's supplies by approximately 775 million bu. Supplies of wheat alone are estimated as slightly in excess of 1 billion bu. Should Canada again plant a normal acreage, serious problems are liable to arise.

At present, wheat deliveries for the Prairie Provinces are limited by the government to 280 million bu. Sanford Evans has estimated that on July 31, 1943, there will be left on farms in the Prairie Provinces, 234 million bu of wheat, and 335 million bu of coarse grains, or a total of 569 million bu against the previous record on July 31, 1940, of approximately 43 million bu. The position of the all Canadian carryover is estimated by Evans as of July 31, 1943, at 1,128,854,000 bu versus the previous record on July 31, 1941, of 479,967,000 bu. The main source of the Canadian exports of wheat for the past year has been the United Kingdom, but unlessEngland has cut into her reserve stocks, it appears doubtful, with her own increase in production, whether as much will be taken for her export requirements this year.

Canada now has proportionately more elevator space than any other country, and far more than would be needed for the normal trade. Of course, Canada is not alone in her accumulations of surpluses. At the beginning of this crop year, it was estimated by the Food Research Institute that in addition to Canada, the United States, Argentina, and Australia had a carryover of wheat in excess of one billion bu, with indications that the surplus would be further enhanced during this year. The present figures would indicate that the reserves are probably far beyond any real effective postwar demand from Europe, as when peace does come there will be other imperative demands made upon shipping facilities other than wheat and coarse grains.

Apparently some of the millers in the Southwest are beginning to feel the pinch of ceiling prices, and are requesting the CCC to release loan wheat under the subsidy, as proposed by the OPA. However, there have been no definite announcement as to how the policy will be carried out, nor on what basis receipts for loan wheat will be sold back to compliance farmers. However, with cash wheat rather tight in the Southwest, undoubtedly, some further announcements will have to be made in the near future.

There was no overnight development to affect the wheat market today, and with the requests to release some wheat shortly, there was a little easier feeling in the market. At the close December wheat was unchanged, and May wheat 1/8¢ higher.

Primary receipts were 1,358,000 bu; there are no figures available for either last week or last year due to holidays. So far this week Kansas City and Minneapolis stocks show a decrease of 208,000 bu. Figures yesterday on the wheat visible were delayed, and were not issued until after the close of the session. They showed a decrease of ,145,000 bu; the total now stands at 216,659,000 bu, or 11,258,000 bu less than a year ago.

Corn was again in good demand by industries, and 250,000 bu were sold to go out, with rather small bookings from the country. Indicated supplies of corn will be the largest on record, and undoubtedly after loan prices are announced there will be a holding tendency at present levels. Supplies of the four principal feed grains on October 1st were 1% larger than last year. Allowing for a further increase in livestock, especially hogs and poultry, supplies should be ample. The . S.Department of Agriculture shows that the total disappearance of feed grains per animal unit was .75 tons in 1940-41; .78 tons in 1941-2; and for the season 1942-43 they estimate .80; also that the 1942 crops will furnish about 12% more feed than was utilized last year, which will probably be adequate for the 1942/43 requirements.

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CHICAGO Nov. 12,1942.

After the close of the market on Tuesday, the November government report was made public, and while there were no changes for wheat or rye production, the corn and soybean crops were materially raised over previous estimates, with the two latter commodities showing a record yield for all time. It is now figured that we shall raise 3,185 million bu of corn against a ten-year average of only 2,307 million bu, but despite this news, the market was very firm, clearly indicating that the artificial situation together with the tremendous feeding program, is considered more important than the available supply. The same has been more or less true in wheat for quite a considerable period, and although we had a carryover last July of 633 million bu, with a bumper crop in sight, nobody could assume a bearish position until we reached a point where ceiling prices were adopted. This shows how the entire grain situation has been dominated by artificial influences.

It is now hinted that the loan stocks of the current crop may soon be redeemed by producers and sold on markets to relieve any millers who might otherwise be squeezed if the rising price of free wheat were to conflict with the current flour ceilings. From what we hear the new program may become operative within a short time. If correct, this will naturally tend to limit any sharp advances that might otherwise take place. With this in mind wheat values were quite indifferent today, even while rye and corn were comparatively strong, and the very threat of larger quantities coming back into the free market will act as a barrier to speculative enthusiasm.

Ordinarily, the trade would have all the figures of the wheat supplies on hand, as of October 1st, but there is one item not published namely, the amount of wheat presently stored in steel or temporary bins, and it is our guess that anywhere from 40 to 60 million bu may have sought temporary refuge because of the fact that terminals and country space are so well occupied. Nevertheless, we give below the picture on basis of the facts now at hand: (Million bushels)

October 1st stocks	1942	1941
On farms	644	488
Interior Mill & Elevator	256	224
Commercial Visible	269	285
Merchant Mills	152	155
Steel & temporary storage	?	00
	1,321	1,152

It is rather unfortunate that we do not have the stocks of wheat now contained in steel and wooden bins. Otherwise, we could figure out what the domestic disappearance has been the past three months. It is undoubtedly running somewhat heavier than last year owing to the requirements for Army and Navy, and also the CCC program designed to use wheat for feeding purposes that under the circumstances we are not in position to make that deduction.

Meanwhile, our export demand continues very poor, with less than 6 1/2 million bu of wheat and flour shipped in the first eighteen weeks of the crop season. Canada does not make known its clearances, but the indicated disappearance since August 1st amounts to about 55 million bu, and assuming that in fourteen weeks a million bu was ground at home each week, their shipments are probably in the neighborhood of about 41 million bu, which is still not too comfortable considering that their total supplies at the start of the season amounted to 1,039 million bu.

Primary receipts today covering the holiday were 2,016,000 bu compared with 1,204,000 bu last week, and 882,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 477,000 bu.

Trade in wheat was very dull; futures were hardly changed from the day before. Tuesday's volume amounted to only 2 1/4 million bu, and we doubt whether there was much improvement today. Also the open interes remains less than 39 million bu showing that hardly any new hedges are coming into the market, but at the same time nothing much is being taken out.

Corn was quite firm, entirely ignoring the bearish government report; commercial demand has been good, and while cool clear weather is more desirable, we doubt whether there will be any large movement from the country at a time when ordinarily our receipts should be large.

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CHICAGO MERCANTILE EX.

CHICAGO November 13, 1942.

The geographical location of Chicago has been responsible for the building of the greatest grain exchange of the world at this point. We have the greatest railroad center in the world, and here we stand at the head of the Great Lakes. Tributary to this city is an empire of the world's best agricultural lands. In important years as much as 400 million bu of grain has been received here annually. It was due to natural economic evolution that here the great warehouses were built and that here should grow up the world's greatest cash grain market. However, with the settling up of the agricultural empire adjacent to Chicago, there also grew a number of powerful competing markets, such as Minneapolis, Kansas City, Duluth, St.Louis, Milwaukee, Omaha, etc. Along with these large central competing markets, there were also established the so-called interior markets, and there smaller grain exchanges were formed at points like Indianapolis, St. Joseph, Hutchinson, Wichita, and Fort Worth. The growth of interior flour mills in the same territory tended to checkthe flow of cash grains to the terminals, and as time went on the whole marketing system became more efficient. The great consuming markets in various parts of the country were bidding for grain through brokers and grain dealers of various kinds, and the business was conducted by many small competing middlemen, who made moderate profits, but it was always the country shippers' guarantee of getting the full market price.

At the moment the whole machinery is threatened through the many artificial stimuli which have been adopted. Other nations have tried to bring temporary comfort to producers, and although they could not afford to spend the billions of dollars which we could, the results were all futile owing to the fact that burdensome surpluses were built up which could not be consumed. In wheat, our carryover reserve has been growing each year because prices have been maintained at a level where the export markets have been lost. It appears as though next July we might have a wheat carryover of 800 million bu or more, which is as much as is sometimes raised in this country.

It is interesting to note that Brazil has never quite recovered from the coffee valorization experiment which greatly expanded acreage. At the present time they have indulged in a coffee destruction program where over a period of years nearly a billion dollars worth of this precious commodity has been burned. Since June 1931, when the program in Brazil was started, 76 million bags of coffee have been destroyed, every bag containing about 132 lbs of coffee. In the first six months of 1942, 1,149,000 bags were burned, and now with the scarcity of ships and the inability of the United States to get its full requirements, the destruction continues, all of which is evidence that artificial methods may have worked for a time, but the final results were not only uneconomic but actually disastrous.

Primary receipts were 1,584,000 bu compared with 1,348,000 bu last week, and 877,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 523,000 bu. We should have a moderate shrinkage in the visible supply next Monday, and when posted it will compare with a decrease a year ago of 1,154,000 bu.

Trade was again extremely moderate, and reports from Washington indicate that the government may soon announce its plan for placing loan stocks back into normal trade channels. This naturally prevents much bullish enthusiasm, and as a result today's volume may have been no better than yesterday, when only about 2 1/2 million bu were transacted in the wheat pit. Final prices were 1/2¢ per bu lower for December, while the May future declined 5/8¢.

Corn held reasonably well at the start, but finally yielded some ground due to the weakness in wheat and in rye. The feeding ratio on basis of hogs is not quite as satisfactory as last week, but it still pays well, and this, together with the fact that the farmer shows no great anxiety to sell, seems to be responsible for the comparative firmness.

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CHICAGO MERCANTILE EX.

November 16, 1942

Crop and carryover in this country amounted to 1,617 million bu; in Canada, 1,033 million bu. In other words, total supplies in North America were 2,650 million bu at the start of the season, and never before in history did we have a case of over-production, or of such large stocks on that big a scale. Nevertheless, the OPA is worrying itself about ceiling prices for flour, which is almost weird. The trouble, of course, is that it was another agency of the government which brought about artificially high prices through the loan; thus preventing even medium sized exports. It reminds us very much of a research experiment, where the scientist injects typhus into a guinea pig, and then sits up nights worrying whether the animal will recover.

Coming back to the wheat situation in allowing for home consumption of 850 million bu for United States and Canada, which is probably a little extravagant, there would still be a surplus of 1,800 million or enough to take care of both countries for two years without raising another bushel, and would even permit small exports. Yet millions of dollars are spent in granting subsidies to farmers, and more millions will be spent in subsidies to reclaim loan wheat. The whole country is trying to adjust itself to a situation where prices are supported, on the one hand, to help the farmer, and on the other hand, held in check by flour price ceilings to prevent insidious inflation. The whole matter could resolve itself into a much simpler experiment with a great saving to the taxpayer, if the entire marketing machinery could be kept intact, and the producer paid an outright bounty to make up the difference between his actual income, and the amount which the government wanted him to receive. In that case, we would at least be doing some export business, and thus could prevent such abnormal accumulations which are taking place. If that scheme were to fail, we could even drop the import tariff, and permit Canadian grain to enter this country if inflation still loomed as a menace, but obviously this would be unnecessary in a year when supplies at home are so bountiful. In any case, it does suggest that there is no valid reason for being concerned with an inflation in wheat or a too high flour price level at this time.

There was hardly any news over the week-end. We have now been furnished with figures showing that there is about 52 million bu of wheat in wooden and steel bins, and from that, plus other data, we can deduct that the disappearance for the first quarter amounted to 242 million bu compared with 164 million bu a year ago. It would seem to us, however, that last year's figures are too low in comparison with the total, and possibly there has been some mistake in compilation. The total amount of wheat officially shown under the loan is 279 million bu, but there must be a lag of at least 33% in getting the reports; so this figure has no real bearing. In studying the detailed list for the various States, we note that hardly any farm-stored wheat is shown in Minnesota, while the amounts for North and South Dakota and Montana total only about 5 1/2 million bu. Obviously the final result will be very much higher owing to the large production in those States, and the comparatively small amount of available elevator space.

The wheat market continued to be a very quiet affair, probably not much more active than on Saturday, when only 2 3/4 million bu of wheat was transacted in the pit. There has been nothing definite yet on the price at which loan stocks will be released, but since this is overhanging the market, trade is extremely cautious. Nevertheless, the carrying charge widened, and the difference between December and May wheat is now 3¢, showing some improvement during the past few weeks.

Primary receipts were 1,477,000 bu compared with 1,230,000 bu last week, and 1,001,000 last year. The visible supply was not posted during the session, as the report from Buffalo was lacking; therefore, we are unable to furnish these statistics today.

With the great dullness which existed, May wheat closed unchanged from the previous session, although the December delivery declined 3/8¢ per bu.

Corn was practically unchanged, with no special feature. The same was true of oats, but we understand that the New England demand has recently been cared for by Canadian oats. In spite of this, prices are holding quite steady.

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CHICAGO MERCANTILE EX.

CHICAGO November 17, 1942.

From our Pacific Fleet Headquarters we were informed this morning of the complete details concerning the greatest sea fight since Jutland. Twenty-three Jap ships were sunk compared with eight of our own, and for the time being at least it is more peaceful again at Guadalcanal. Less attention is directed toward other war news but on the inside pages of the papers every day we learn that bombs over Germany continue, and while the Axis monotonously claims that only residential districts have been struck, neutral travelers and escaped prinsoners of war, as well as foreign civilian workers are giving out completely different information, which leads us to believe that the people in Germany's bombed areas have been badly shaken. Possibly this is not sufficient yet to reduce their morale materially, but by aerial photographs supported by evidence from many sources, it appears that the coal output of the Ruhr, Saar, and Aachen districts may have declined by about 80,000 tons a day, or a reduction of about 20%. Loss of the steel output is less outstanding, being roughly, about 7%.

Not so much attention has been paid to war news for the simple reason that we have so many artificial influences at home that traders find it increasingly difficult to comprehend their significance. Late yesterday, Secretary Wickard announced that 300 million bu of Canadian feed grains unusable in that country because of the high production would be made available to the United States as soon as practicable. Last summer a joint agreement was reached by the two countries providing for the mutual exchange of crops, etc., without normal duties or international restrictions, but Secretary Wickard's statement on feedstuffs was the first to indicate actual intention to make use of this agreement. While he did not elaborate much upon it the trade construed it in a somewhat bearish vein, with the result that corn and oat prices were slightly lower this morning, but no drastic liquidation occurred. Sentiment in corn might otherwise have been a little more friendly owing to the rather heavy shipments which were made from this market, while the movement from the country is still extremely small, despite recent improvement in weather. However, the 1942 corn loan program, as well as the loan rates may be announced later in the day, and it is thought that there will be a decided holding tendency on part of producers not only for this reason, but also because of the attractive feeding possibilities. As for wheat, the market was completely indifferent, and details for the selling of loan supplies are expected at almost any minute. The latter is understood to be for hard wheat and not the soft varieties, but until matters are clarified, nobody can have very definite convictions.

Northwest wheat receipts were quite large at 642 cars in Minneapolis and Duluth compared with 402 last week and 475 last year. Minneapolis December wheat is selling at about 8 1/2¢ under Chicago, and with their comparative cheapness, it suggests that the carrying charge here between December and May might widen further, as mills should not be anxious for tenders under such circumstances.

Primary receipts of wheat amounted to 1,560,000 bu compared with 1,358,000 bu last week, and 720,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 150,000 bu.

Trade was again of very small proportions, with more details from Washington being awaited, and nobody ventured far in either direction. Final wheat prices were about 3/8¢ per bu lower.

Corn and oats were weaker, influenced by Mr. Wickard's last pronouncement. In view of this we think it timely to mention that not only was the Canadian wheat crop about double of last year's production, but that an oat crop of 652 million bu was harvested compared with 305 illion bu in 1941, while the Canadian barley crop amounted to 259 milion bu against 110 million bu a year ago. The rye crop amounted to 4 million bu versus 11 million bu last season.

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CHICAGO MERCANTILE EX.

November 18, 1942

Agriculture in this country has every reason to rejoice. Farmers should be particularly appreciative of the great providence of Nature following the drought years, especially when they take inventory of what has happened, Despite some shortages of labor which have arisen, the situation surrounding their status is one of great optimism. The last government report confirmed earlier indications of a record production of food grains, feed grains, hay and forage, fruits and commercial vegetables, oil seeds, sugar and syrup crops; also, beans and peas, In some other commodities bumper crops were not harvested but yet the yields of the potato crop were slightly better than average, while the same held true of cotton and tobacco. In addition to this the production of livestock, poultry, milk and eggs will set new records. It is very seldom that when everything is produced in such great abundance we also have a high level of prices, and, of course, this is the reason why the national farm income is so high this year, helped partially by the Lend-Lease program; also, the greater requirements for Army and Navy uses, as well as loans which have been established, and which for some items have brought about a very artificial level.

Looking ahead, the picture for next year is also good, even though it is quite early to make forecasts. However, the moisture situation with relation to fall planting is highly important and very often determines the size of the winter wheat crop the following summer, for the reason that much depends on whether or not the plant gets off to a good start. Fall pastures are probably the best that they have been in twenty years. Winter wheat has been seeded under favorable conditions, and nearly twice the normal September and October rainfall has fallen on the newly seeded winter wheat in the Southwest. Even the critically dry areas West of the Rockies have also had relief in the form of good rains during recent weeks.

So important is agriculture during wartime that every consideration is being given producers. Where a few labor shortages had occurred and possibly interfered with the harvesting, strenuous efforts were made to get temporary help when farm hands had been drawn into the armed service. Local people met the emergency in most cases, but in some areas in which conditions were critical, stores and schools were closed and everybody who was physically able to help got into the fields. Some mechanical cornpickers even worked double shifts and combines, which are now becoming scarcer, were often shipped to areas where they were most needed. Last, but not least, the grain trade under the most trying times did a perfectly remarkable job in getting most of the grain under cover, and while some wheat was piled on the ground during the peak of the movement, it was generally cared for with the utmost dispatch and in such an efficient manner that practically nothing rotted. This all despite the fact that our export markets have been almost entirely lost, and with the artificially high prices which prevail in wheat, our competitors are supplying the small needs of import countries, which is quite different from the situation that existed during the first World War.

Primary receipts were 1,305,000 bu; last week was a holiday, and last year receipts were 754,000 bu. Kansas City and Minneapolis stocks so far this week show a total decrease of 367,000 bu.

It is somewhat monotonous day after day to report almost the complete absence of business, but, nevertheless, this is the case, with such great uncertainties still existing. Final prices were about 1/4¢ bu lower for the December, while May wheat was unchanged. The carrying charge continues to widen.

Corn was weak early but had a good recovery near the close. Oats also acted better indicating a large demand from feeding sources.

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CHICAGO MERCANTILE EX.

CHICAGO November 19, 1942.

Ever since the Canadian Wheat Pool started its operations in Canada, and the Farm Board in this country attempted to support prices by purchasing the entire surplus, it has been popular for the various governments of surplus countries to try to do something in behalf of the farmer. While there may have been temporary successes in obtaining a better price than if mere supply and demand had been permitted to function, final results have been exceedingly disappointing, and in this respect we make no exceptions.

If our own government had paid an outright bounty to the producer, not only for soil conservation and for parity, but even a greater amount to afford complete export subsidy, it would have been much cheaper in the long run than to permit surpluses to pile up year after year, with all the charges attendant to such a program, with no conviction that we shall even be in a position to give enough wheat away to starving Europe after there is peace.

At this time Argentina has an exportable wheat surplus of 170 million bu, and with her crop season near an end her carryover should be in the neighborhood of 160 million bu. This compares with 120 million bu last year, and only 11 million bu in 1941. She is clearing only about 1 1/2 million bu per week on an average, and even though production this coming season may be down to 210 million bu, her total supplies on hand should be approximately 370 million bu, which is the largest in years. As a result the government is expected to fix farm prices for the 1943 crops very shortly. However, the same generosity of previous years cannot be expected, and it is likely that farmers will only receive a sufficient amount of money to defray costs of harvesting the grain. In other words, the liberal terms of trying to support prices will undoubtedly be suspended.

In Australia, the weather to-date has been generally favorable, and the season is said to be one of the best in recent years. However, acreage has been cut considerably, and this largely by government edict. Probably less than 11 million acres were sown, but yet a crop of 145 million bu is expected, and cutting will begin shortly in the early districts. Due to censorship, complete data is lacking, but Broomhall estimates the carryover at 100 million bu, which would make total supplies in that country 245 million bu compared with 211 million bu last year, and 143 million bu in 1941.

Therefore, it is almost an assured fact that even with the tremendous suffering in many of the European countries, particularly in Poland and Greece, demand will be insufficient to absorb the big surpluses which have been built up. There is nothing yet from Washington to indicate that officials have drafted details on the new subsidy program intended to relieve the squeeze on millers, which was occasioned by flour ceilings. At the same time some recessions in prices during the past few weeks have necessitated less concern, except in isolated instances. Certain farm organizations are also busy at work trying to get the Senate to restrict the program whereby parity payments would be deducted from the ceiling calculations. Whether anything is possible during wartime in view of the President's directive, remains to be seen.

Primary receipts today were down to 1,041,000 bu compared with 2,014,000 bu last week; a year ago there was a holiday. Kansas City and Minneapolis stocks so far this week show a total decrease of 370,000 bu.

There was very little feature to the market, although numerous changing orders between December and May took place, speculators on the one side putting their long commitments into the more deferred months, while hedgers were apparently satisfied to do the reverse. The difference between December and May wheat widened to nearly 4¢; at the last the nearby delivery was unchanged, while the May wheat advanced 3/8¢.

Corn was rather firm, but there was no spirited buying; despite rather heavy shipments from this market, and only fair country offerings, the trade seemed quite indifferent.

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CHICAGO MERCANTILE EX.

CHICAGO November 20, 1942.

Weather reports from practically all parts of the Southwest are favorable, and fall wheat has gotten off to a very good start in almost all areas. One optimistic report was heard this morning from the Kansas Feed and Seed Dealers' Association, while the Oklahoma Weekly Weather and Crop Bulletin claimed that fall-sown small grains were in good to excellent condition and making rapid growth. Furthermore, the wheat plant was providing an abundance of fall pasture. Whether the acreage will be as large as last season remains to be seen, and we shall now have to await the official government report to be issued sometime in December. Nevertheless, whenever moisture conditions have been so uniformly good and the crop progresses so well in the fall, the battle is half won. So much for the supply situation.

The demand is rather spasmodic, and late yesterday afternoon the milling inquiry showed some signs of an upturn, possibly influenced by the meetings at Kansas City, which were to take place today. The feeling seems to be that the various farm groups will make a great protest to ceiling prices, where the farmer is not permitted to get at least parity for his wheat in addition to the other payments. Some have taken the stand that this was the original intent of legislation, and that whatever soil conservation payments were granted by the government were purely for the sacrifices made by farmers, who in entering the loan program, had agreed to reduce the amount of sowings, and therefore, were entitled to a certain sum of money, regardless of how the crop might later turn out. It so happens, of course, that in a year like this where the second largest wheat crop was harvested, the government can make a very good argument, and naturally its defense is that, despite the tremendous yields, prices are still very high even to those producers who do not avail themselves of the loan. However, the same argument would not hold true if on a comparatively small acreage we had raised just a normal or an under-average crop, and this very likely is the reason for the producers' discontentment.

Our export outlets are still extremely limited owing to higher prices which prevail in this country than elsewhere, and during the first nineteen weeks of the crop season only 6 3/4 million bu of wheat has left our shores. Considering that we started last July with a total supply of 1,617 million bu, even the small amount of extra feeding may not make large inroads into our surplus stocks, and thus the next carryover is bound to be tremendous. Canada, as nearly as we can judge, must have cleared about 45 million bu in fifteen weeks since August 1st. The total disappearance thus far is close to 61 million bu, and we figure that approximately one million bu per week is needed for domestic grindings; hence, the calculations just cited. With the last official crop estimate of 607 million bu and a carryover on August 1st of 424 million bu, Canadian total supplies at the beginning of the crop year were 1,031 million bu, a figure never bebore reached in the annals of that country.

Primary receipts amounted to 1,246,000 bu compared with 1,584,000 bu last week, and 1,144,000 bu last year. Kansas City stocks so far this week show a total decrease of 284,000 bu. When the visible supply is posted on Monday, it will probably show a decrease much the same as last year when the shrinkage was 1 1/2 millionbu.

Trade in the pits was again light, possibly about the same as yesterday, when three million bu of wheat were transacted in all three futures. Prices, however, were firm, and the trade is awaiting the outcome of the dispute on ceiling prices to see how much strength the farm groups actually register. At the last December wheat showed an advance of 1/2¢ per bu, while May wheat was 3/8¢ per bu higher.

Corn was firm, and pressure from the country remains light. The loan may be announced at any time, but not being weighted for particular districts, may be set at a somewhat lesser level in the corn belt than had been expected. While it must be computed at 85% of the average parity, there will again be individual county loan prices with certain allowance made for the proximity to large terminals. The trade does not feel that this is particularly bearish since feeding ratios are so well maintained.

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CHICAGO MERCANTILE EX.

November 23, 1942.

The people of Italy are panic-stricken. Little did they realize when they alligned themselves with the Axis against France that their country would be periodically bombed. Nobody can tell for sure whether they will try to make a separate peace with the allies within the next few months, because after all, Germany might try to overrun that country with treatment which would be worse than bombing itself. On the other hand, the Nazis are pretty busy now in Russia, retreating in many sectors, and should Italy be knocked out quickly, the moral effect upon Germany would be tremendous. In the last war, when Bulgaria, Hungary, and Austria sued for peace at a time when Germany was retreating, the end of the war was not far off, and possibly in this respect history may repeat itself.

A good many people, anticipating that hostilities might end sooner than was previously expected, have been making purchases of certain "peace commodities," such as rye, on the theory that its comparative cheapness, and the great need from war-torn Europe would place this article in a favored category. Shorts covered on Saturday, but the follow-up buying was rather poor today, and as a result most grains traded here on the exchange suffered reactionary tendencies. Wheat has been rather firm in recent sessions due to the disclosure of higher loan figures, and officially 312 million bu is now under federal lock. Of this quantity practically 125 million bu is farm-stored grain compared with only 118 million bu similarly stored at the peak of operations last year. Therefore, with several weeks yet to go, we believe that the total figure of 450 millionbu will be reached. This, together with the quantities from previous crops, makes a tighter situation as time goes on, even taking into account the tremendous supplies including those which were carried from other years.

Certain European facts are coming to light, despite censorship, and we hear that in the Danubian countries the harvest is probably less than last year's, and only about two-thirds of the normal. However, Germany may get increased wheat imports from Hungary and the wheat growing areas of Serbia. The total which can be had from Southeastern Europe is likely to be smaller than in 1941. France harvested about the same as last year but will actually receive less owing to the fact that Germany will sequester about 800,000 tons of wheat in the coming year. While Poland had the best grain harvest since the beginning of the war, three-fourths has been delivered to the German authorities under threat of death. Thus, it is obvious that when we have peace, the demands for all foods will be enormous. As a matter of fact, the fertilizer situation is becoming increasingly acute everywhere, and this is true even in England. Therefore, with overworked soil, yields are bound to be smaller until this situation is corrected. But on the other side of the picture, we have burdensome supplies of many grains from the surplus nations, and there will continue to be some shipping difficulties even after the shooting ceases.

Primary receipts amounted to 1,599,000 bu compared with 1,477,000 bu last week, and only 719,000 bu last year.

Trade was hardly more active than on Saturday, and the market apparently is carrying a minimum of hedges with only 36 million bu open for all three wheat contracts, at a time when our visible supply is almost up to the peak. Some people are beginning to feel that the end of the war will be more deflationary than inflationary, certainly on those commodities which have been heavily produced inthe surplus countries. With profit-taking, final prices were 3/8¢ per bu lower for the December wheat, while the May was off 1/2¢.

Corn prices were lower, despite a good commercial inquiry, but influenced by the weakness of the leading cereal, and also lower prices in rye. The CCC announced a corn loan program, but prices for individual counties were not given, and thus the report could not be analyzed very intelligently. While 85% of parity will be observed, the loans will vary from 73 to 89¢ per bu depending upon the location. It is difficult to formulate any ideas until we are told what the rates will be in the important corn districts.

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**** The wheat visible decreased 2 million bu.

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CHICAGO MERCANTILE EX.

CHICAGO

Nov. 24, 1942.

Our markets yesterday were very largely influenced by war news. The possibility of a quick "knock-out" blow to Italy was responsible for sharply lower prices in cotton. This in turn influenced grain values, although after more sober thought, there are still the very many artificial stimuli surrounding our markets, particularly the high loan levels in wheat and corn, which have to be considered as long aswe have the billions of dollars to pour out in supporting these programs.

Not much could have been gleaned from yesterday's corn loan announcement except that the farmers might be able to borrow 5 to 6¢ a bu more than was the case last year. However, we have been furnished with rather complete data for the various counties, and taking Illinois as a guide, because it is one of the important corn States, the farmer in the southernmost districts will receive as much as 85¢ a bu. But probably the average for the State will be somewhere around 80¢, which, if translated into terms of Chicago price, might suggest that the loans would be based on about 90¢ a bu in this market. Judging from the present price of cash corn, and also, the December future, a good many producers will undoubtedly keep their corn at home, provided they have crib space, or else are in position to feed, since both these measures would be more remunerative than selling grain on the spot market. During the past twelve months, parity prices have risen about 10¢ a bu, but the loans have only advanced by about 4 to 6¢ a bu, and we believe that this was in order to keep the wheat feeding program operative, as a close observation will disclose that the loan price now being offered to farmers for their corn will coincide in many cases with the price at which the government is offering feed wheat, and we do not believe that it was entirely a coincidence that it came out this way. Taking the country as a whole, the loan is probably on an average of 85% of parity, although the method of computation is different from the method resorted to last year.

Broomhall comments upon the fact that Russia has regained some of the land lost to the Nazis and may also reconquer some of the heavy grain producing sections of the Ukraine, which the Germans have probably seeded to winter wheat and rye. As time goes on, we shall know more about it. So far whatever grains have been imported into Russia have come very largely from sources outside of the United States. A few cargoes may have been shipped from these shores, but in analyzing the small clearances of wheat, corn, and oats, it is quite obvious that we have not been an important factor. The chances are that Canadian wheat, whether shipped direct or diverted by the British from their own purchases, must have figured in whatever transactions occurred during the past six or eight months. The Searle Grain Co., Ltd., of Winnipeg, calculates that the people in Russia still remaining in that country's territory are now short some 200 million bu a year of wheat and rye for bread. Whether such quantities can be shipped under existing conditions remains to be seen.

Primary receipts were 1,382,000 bu compared with 1,560,000 bu last week, and 1,031,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 164,000 bu. Markets were firm right from the start. The greatest strength was in rye and corn, although best prices were not maintained. The open interest declined again with only 35 3/4 million bu now open for all three wheat contracts; this is extremely small considering the time of the year.

Corn, as just stated, rose fractionally, with the commercial demand well maintained, while country offerings were very light. The CCC will make a storage payment of 6¢ per bu upon corn stored until August 1, 1944, which after that time is delivered to the corporation in settlement of the loan. This storage payment is 2¢ higher than the one offered in 1941.

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CHICAGO MERCANTILE EX.

November 25, 1942

News from Russia continues highly satisfactory. The last offensive has slashed into Nazi defense positions, which may soon liberate Stalingrad, and as one writer expresses it, may bring about the complete extermination of German armies in South Russia. With other war news also of a very satisfactory tenor, there is naturally more thought given to the possibility of peace and how this will affect the various commodity markets. Probably the one grain receiving foremost consideration is rye, for the reason that in normal times we generally export a fair amount, particularly if the price is satisfactory. Many of the European countries for years have been in the habit of eating rye bread, and, therefore, they would not have to cultivate a taste for it. However, in these calculations, it must be considered that while rye is cheap compared to almost all other cereals traded here on the Board of Trade, it is not so terribly cheap based on merit alone or compared with prices for grains in other countries. Take, for instance, Argentine wheat; the carryover will probably amount to 160 million bu, and the price for this grain is about 65¢ FOB ports. Sometimes the better varieties test as much as 62 to 64 lbs per bu, while rye is an article testing only 56 lbs. The same might be true if a comparison were made with Australia where a carryover of about 100 million bu looms. Then, there is also another thought: namely, that when negotiations take place at the peace table, our country will have to forget entirely subsidy prices, loan prices, and all the other things which we have been discussing for the past few years. The starving countries of Europe may be given foodstuffs under Lend-Lease arrangements where the amount they pay is no consideration whatsoever. When it comes to making these decisions, we figure that wheat will command first interest, for the reason that an abnormally large carryover is in sight; furthermore, the government already owns a very large portion, which it acquired when loans were defaulted. Therefore, it would be much simpler to give this wheat away than to come into the market to buy rye that could be used for export. Nevertheless, there is a certain psychological buying now taking place, and possibly rye will sell somewhat higher, although it is impossible to have very bullish convictions, with the tremendous quantities on hand unless one can feel absolutely sure that there will finally be an export outlet for the grain.

When our market opened this morning, wheat prices were slightly higher and some hedges were removed, with large eastern bakers having purchased about 200,000 barrels of flour, including spring, winter and soft wheat varieties. Also, small independent bakers taking care of family trade were operating, but more on a hand to mouth basis, but these are all factors which have only temporary influence, since the domestic consumption is more or less constant. Still, it is encouraging after a long period of dullness to see this improvement.

The Government Weekly Weather and Crop Report spoke of the prevailing high temperatures and mostly ample soil moisture, so that another favorable week for winter grains was recorded. In the Western and Southwestern portions of the principal wheat belt, the picture is very promising, while Kansas wheat is said to have a heavy top growth, which, however, is not considered too rank for this time of year. Thus, fall conditions are about all that can be expected, and since it is important that the plant should get off to a good start, this is in direct contrast to the many drought years which we have witnessed in recent times.

Primary receipts were 1,308,000 bu, or practically the same as last week, compared with 638,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 42,000 bu.

Wheat was firm in sympathy with rye, and also, influenced by the better milling demand, but there was no special feature, and final prices were 3/4¢ a bu higher.

Corn was a rather dull affair. There was no weakness shown, and with the commercial demand reported still good, nobody felt like taking a short position. The rye situation has been thoroughly discussed, but probably another item to encourage longs is the fact that so many of the holders of December rye are willing to change their position to May. Therefore, despite a large open interest, there has been no important liquidation. It is also a fact that on an export basis Canadian prices are lower than ours, especially when considering the difference in exchange rates.

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CHICAGO MERCANTILE EX.

November 27, 1942

The open contracts in wheat are at the lowest level in some time, having decreased nearly a million bu prior to the Thanksgiving holiday. Something has now occurred which we seldom ever see here on the Chicago Board of Trade: namely, that the rye open interest is practically the same as that of the leading cereal. The reasons for this are quite obvious. Despite higher taxes and the many restrictions, people still want to trade; but in wheat the situation is so uncertain because of the many artificial stimuli that it is almost impossible to have firm convictions. With the price of May wheat nearly $1.30, there can be no great inducement to take a long position unless flour ceiling prices are raised. On the other side of the picture, we have a situation with a visible supply of 216 million bu; only a small part of the grain is hedged owing to the fact that a very large percentage has found its way into the loan.

Contrasted to this we have in rye a more or less free and open market, which offers greater incentives to both hedgers and speculators. We feel quite convinced in our own minds that all important grain men who are carrying rye in warehouses have it hedged, but as an offset, the grain is being carried by those who have confidence in its ultimate worth. With favorable war news for the past three or four weeks, more constructive thought as to post-war conditions has naturally arisen. While it is too early to give full credence to a Vichy broadcast this morning claiming that all French warships at Toulon had been sunk, the other news on various fronts has been sufficiently optimistic to make our victory loom nearer. Nobody can be sure that rye, despite its comparative cheapness, will be the cereal that will find its way largely into export trade after peace comes. We ourselves are doubtful of this owing to the fact that the government already owns so much wheat which it undoubtedly wishes to dispose of, and, therefore, might not go into the open market to purchase rye, because the moment this was contemplated, the price of the latter cereal would rush up rather sharply. Furthermore, the CCC does not regard wheat on as high a price basis when it comes to selling it as the loan price would suggest, and the best evidence of this is that they are already selling it for feeding purposes at about 80¢ a bu on the farm. All this in spite of the fact that they were actually supporting prices in the Northwest at about $1.16.

When our market opened this morning, prices were rather firm. Certain groups in the Senate are still trying to pass legislation which would permit full parity to farmers without any deductions for soil conservation and other benefits. But apparently the OPA is not in a frame of mind to change its ideasunless specifically ordered to do so by the Congress.

Presently, our wheat exports are rather disappointing. In twenty weeks, we have shipped only 7 million bu, including flour, while Canada has cleared about 51 million bu in a four weeks' shorter period. We do not have the official Canadian data, but on basis of a complete disappearance of 67 1/2 million bu since August 1st, it is reasonable to suppose that 16 million bu has been consumed at home for domestic grindings. In any event, with a crop and carryover last August of 1,031 million bu, after allowing 130 million bu for total home usage, there must still be close to 850 million bu surplus left in that country.

Primary receipts were 1,522,000 bu compared with 1,246,000 bu last week, and 670,000 bu last year. Kansas City stocks so far this week show a net decrease of 197,000 bu. Last year the visible supply of wheat decreased only 717,000 bu, and we may have a slightly larger shrinkage next Monday.

Sustained strength in wheat does not seem likely unless ceiling prices are adjusted upward, and the trade feels more or less this way. The result was that final prices were 3/8¢ per bu lower for December; May wheat declined 1/8¢. The carrying charge is widening slightly.

Corn, oats, and rye all were firm; feed grains promise to do better. Recent war developments have increased the demand for pork products, and Secretary Wickard has announced a program designed to support hog prices at an average of $13.25 per hundred pounds, basis Chicago, until September 30, 1944.

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CHICAGO Nov. 30, 1942.

War news over the weekend continued good on all fronts, and in addition to this the British Prime Minister spoke from London, advising the Italian people to break with Mussolini and his German partner and sue for separate peace. Broadcasting to the world on the eve of his 68th birthday, he declared before long the war would be carried to Italy in a manner not hitherto dreamed of by its guilty leaders.

From a market standpoint, more attention was paid to Secretary Wickard's pronouncements, in which he specified support prices for many agricultural products in order to stimulate production of those items most necessary for the war effort. In other words, the Department of Agriculture is trying to bring about an important shift in the production of food crops, and a subsidy program is being developed to attain this goal. Poultry products, for instance, are to be increased by about 28% over 1942. The corn acreage will be increased by about 5%; grain sorghums 8% more than for the current season in order to encourage feeding, while in wheat a 2% shrinkage in acreage is sought, although this is not enough to be of any great importance. In any event farmers seem to be in a rather bullish frame of mind at the moment, and we are told that one party downstate who called up forty stations to buy some corn was unable to buy a bushel. Also, the offerings to Chicago were extremely light, and the same is likewise true of oats. So at least for the time being the feeding situation is extremely tight, except for the fact that we are about on an import basis fromCanada on oats. The result was that prices for coarse grains were somewhat higher when our market opened, although wheat was slightly reactionary, and very likely the much discussed flour ceiling has had something to do with the great indifference which has existed now for the past few weeks. Moreover, the outlook for winter wheat continues very promising in the western and southwestern portions of the main belt. Top growth is heavy in Kansas, and with the moisture situation which we have had this fall, the crop got off to a very good start. In the Pacific Northwest warmer weather is needed, but even there very few complaints have been heard up to the present time.

The question of farm labor has been giving great concern to agricultural interests for some time, but word was received from Washington today that Mr. Byrnes, Director of Economic Stabilization, with Presidential approval, had lifted wage and salary ceilings of farm labor, and had placed the Secretary of Agriculture in full control. They stated that the general level of salaries was sub-standard and that a certain disparity existed between wages of agriculture and industrial labor.

Not much attention is paid to the wheat loans, although there was an increase of 12 million bu for the week, with practically 325 million bu officially acknowledged, although much more would no doubt be included if the data were entirely up to date.

Statistics did not count for much; in fact, the visible supply was not issued during the session.

Wheat prices were rather firm for a time, but with fair tenders on December contracts the nearby future finally lost ground, and it seems there is no important demand for cash wheat here at the moment. The result was that the December delivery declined 1/2¢ per bu, although May wheat was off only 1/4¢.

Corn was rather firm, although yielded some ground. It is expected that feeding operations will continue on a tremendous scale, and thus, in spite of the very large crop, no burdensome supplies will be built up at terminal markets. As a matter of fact, industries are not having too easy a time to get their requirements even now.

Rye was weaker; rather heavy deliveries are expected, and whatever hope speculators have for this article seems to come from the belief that when the war ends exports will increase. We have been rather dubious on that issue for some time, feeling that the government already owns the wheat and may give that away.

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CHICAGO December 1, 1942.

While it is stated by the U. S. Department of Agriculture that prices received by farmers for their products remain stabilized at the previous month's level, nevertheless the parity prices issued yesterday afternoon show an advance of almost a cent on wheat, bringing the new November 15th parity to $1.37; on corn the parity was advanced from 98.9 to 99.5. Thus showing that during the thirty-day period, the commodities which the farmers had to buy advanced more than the products which they had to sell. However, the drifting of farm workers to higher paid jobs in war plants combined with the induction of many farm hands into the armed forces has caused Mr. Byrnes, Director of Economic Stabilization, to give agricultural labor a preferred status, and to remove all restrictions at once on wage increases for farm hands receiving less than $200 a month, including some credit for room and board, although the exact formula on this latter is not clear at the moment. Undoubtedly this last order will eventually play a prominent part in the cost of production. How the $200 is derived is difficult to state, as it represents a considerably higher level than prices which have been paid to farm labor in the past. No doubt, it refers to the more skilled hands, supervisors, etc. rather than those actually tilling the soil and harvesting crops.

According to figures issued by the Bureau of Agricultural Economics of the U. S. Department of Agriculture, the annual farm wage rates per month without board varied during the base period for figuring parities: namely, 1909-14, from a low of $28.08 to a high of $30.21. In 1920, it stood at a high of $65.40 per month, while in 1940, the figure is given as $36.68 a month, and in 1941, $43.64 a month. Furthermore, the price of farm labor has varied a great deal according to the locality and the class of farming. Using again the figures of the U. S. Department of Agriculture, in 1940, the monthly farm wage rates without board seemed to have run higher in some of the Eastern States: Rhode Island was $65; Massachusetts, $63.50; Connecticut, $64; while New York State was $48.75. In this same year, Illinois averaged $43.75; Wisconsin, $45.25; Kansas, $37.75; Oklahoma, $31.25. The Southern States showed lower rates, a few of them being, Tennessee, $24.75; Mississippi, $21.25, while the lowest rate was in the State of Alabama, $19.75.

Under the new price control act, temporary ceilings can be in effect for only sixty days, and, therefore, the temporary ceiling on flour will expire December 3rd. It may then be necessary for the OPA to issue a so-called "permanent" ceiling until more complete action can be taken with the new regulation. In the meantime, according to certain reports, the CCC wishes to hold off imposing its subsidy plan for the release of loan stocks of wheat, pending final action by the OPA. So matters still remain in a more or less uncertain condition. But even should no other factors come into play, it would seem if farm labor receives much more than its present scale of wages, this will finally have to be taken into consideration in the price of wheat.

Primary receipts total 1,410,000 bu compared with 1,382,000 bu last week and 1,092,000 bu similar period last year. So far this week Kansas City and Minneapolis stocks show a net increase of 39,000 bu.

Wheat was mostly stimulated by the strength in rye, with milling demand light, and at the close prices were 3/4¢ a bu higher.

Rye had the center of the stage today, and new investment buying seemed to enter the market, some of which was probably influenced by reports of internal conditions in Italy. In spite of December liquidation, the open interest in rye has gone down only 2 1/2 million bu since November 20th, and many December holders seem to elect to change over to May.

Corn bookings were relatively small, and the demand remains good.

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CHICAGO

December 2, 1942.

The open interest in wheat declined again, being less than 30 million bu, thus establishing a new low for all time. The previous low was last May, but, of course, it was less surprising then, owing to the fact that we were nearing the end of the season, but in that respect, it was different from other years, as we had such a tremendous carryover. At the present time, we still have that carryover, plus the second largest crop ever raised, and yet public participation is so small --probably for two reasons: First of all, the high loans have taken a great deal of wheat from the usual commercial channels, and, therefore, comparatively small quantities of grain are hedged as compared with other years. Secondly, there are so many changes and consequent uncertainties with Washington developments that no speculator is willing to take much of a chance, particularly with the present tax situation.

In any event, it was announced this morning that the head of the CCC was returning to Washington tomorrow, after only three days of traveling on a field excursion compared with a contemplated two weeks' field trip. Apparently he desired to find out what the situation was in milling centers. There have been continued delays now in releasing loan wheat as had been promised, and in some sections of the country, isolated to be sure, processors are finding it very difficult to buy their grain locally at a price which will permit them to maintain the government's ceiling levels. There is still no indication whether the OPA will relax these flour ceilings, although it is thought that no substantial advances are in sight.

However, when our market opened this morning, it was again higher. Rye has been the leader during recent days, and considerable buying has been taking place, for the reason that this cereal is considered cheap in relation to practically all other grains traded here on the exchange. The further assumption is that because of this relative disparity, when the war is over large amounts may go into export channels, and since pressure is very light and December liquidation about over, those playing the constructive side have had it more or less their way. The feeding program has been so well advertised that the farmer is very reluctant to sell corn. The writer, who just returned from Iowa, found that sentiment inclined much more toward putting this grain under seal or else feeding it, and therefore, a large movement at this time of year, which can ordinarily be expected, may be disappointing to the industrial users who need supplies. Husking of corn is pretty well along --probably 80% in Illinois, while in Iowa only 10 to 20% is still out. In the southern part of the State, also in a few eastern sections, work is behind, but elsewhere work is virtually completed.

When we look at prices in this country and compare them with our competitors, we find a vast difference. The Argentine government today announced a new basic fixed minimum level for the 1943 wheat, amounting to 54 5/8¢ a bu, or the same as in 1942. As Broomhall comments, this price will reimburse the farmer for cost of harvesting and allow him to continue in business until a market is found for his surplus. On that basis there will naturally be some export business, while we continue to sit on the sidelines and build up surpluses.

Primary wheat receipts were 1,034,000 bu compared with 1,308,000 bu last week, and 913,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 208,000 bu.

There must have been a considerable flour business, as hedges were taken out of the pit all day both here and at Minneapolis. This gave us sharply higher prices, with May wheat advancing 1¢ per bu, while the July delivery was up 3/4¢.

Corn was strong, and about the only threat at the moment seems to be the possibility of imports from Canada for feed grains, but do not believe this is a serious menace right now.

There was some hedging in oats, possibly against Canadian business. Rye was very strong, and there is a growing sentiment on the bull side of the market despite the advance, so that with public participation it has become a market leader.

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CHICAGO December 3, 1942.

We have not been stressing very much the amount of wheat officially claimed to be under the loan for the reason that the CCC itself mentions that because of the delay in reporting and processing all the documents, the actual amount of grain impounded greatly exceeds the number of bushels indicated in their report. Nevertheless, there is 325 million bu actually claimed to be frozen as of November 21st, or an increase of about 7 million bu over the same period a year ago, indicating that the total amount probably to be impounded by the end of this month will be somewhere in the neighborhood of 450 million bu. On basis of a crop of 984 million bu, this would leave about 534 million bu of free wheat from the current season, but assuming that 150 million bu will be used for seed, feed, wastage, etc., it would leave only about 384 million bu for consumptive purposes, while our grindings for the twelve months will probably run as high as 500 million bu. Nearly six months of the crop year has passed, and, of course, some provision is always made for forward shipment, as shelves cannot be bare, and also, the quantities being sent abroad for the use of our armed forces have to be purchased far in advance.

Taking all of this into account, it is not at all surprising that cash wheat should be relatively strong, even though we had a tremendous reserve from other years, with the carryover on July 1st estimated to be about 633 million bu. There, again, about two-thirds of the wheat was under government control in one form or another, and this all creates a most artificial situation, particularly since there is no rule of thumb as to what will occur on the flour ceiling if cash wheat becomes tighter. Of course, in taking stock of what has happened, it must be borne in mind that Minneapolis prices are about six cents cheaper than Chicago, so that even with the large flour business which has been consummated in the last three or four days, there would not necessarily have to be any violations in order to conduct a good-sized business. However, there is no assurance that both market and premiums or either one of them may not advance from the present level, and, therefore, the trade is very much interested in knowing how the government will handle matters from this time forward. In some quarters it is felt that the permanent ceiling which is due to be announced today will be much the same as the temporary level established some weeks ago. In that case, it would almost be necessary to grant subsidies to certain producers, but until there is something authentic, both industrial users and speculators are bound to be nervous. This was responsible for some reactions today in spite of the fact that further flour business was reported.

Secretary Wickard, at a meeting in Chicago today, stated that he had no intention nor wish to fasten government controls perpetually upon the food industry, and believed that as little interference as possible should be exercised in the execution of a wartime food program.

Primary receipts were 1,144,000 bu; a week ago there was a holiday, but a year ago they amounted to only 490,000 bu. Kansas City and Minneapolis stocks so far this week show a net decrease of 14,000 bu.

After the opening there was some reaction in all pits, but no extreme weakness. Rye, which had been the leader on the way up, was weak at times today, and at the moment there is an open interest in the May delivery of 25 1/2 million bu, or roughly 4 million bu more than in wheat. The total open interest in wheat is only 28 million bu, which is a low for all time, indicating that the covering of hedges recently against flour business has been a factor. Final wheat prices were about 3/8¢ per bu lower.

Extreme weakness in corn was only temporary, and the December delivery actually closed higher, gaining on the other months.

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CHICAGO December 4, 1942.

The Congressional Farm Bloc has been having matters pretty much its own way since 1932. However, with the passage of the anti-inflation bill and the interpretation placed upon it by the President and Mr. Byrnes, feeling has developed that the producers, despite their big income not only for 1942, but also the one projected for 1943, were not being given the opportunity of receiving full parity prices, regardless of the fact that with the other advantages, it is claimed they might actually be obtaining full parity income. It is thought that after the turn of the year, Farm Bloc leaders may try to pass new legislation, which might carry with it sufficient strength to override even a possible Presidential veto, in an effort to bring back those privileges which apparently have been lost under a system where flour ceilings had been placed at about present levels. At the same time, there is a move afoot to re-define parity itself in order to include advanced labor costs, comprising the work actually performed by the owner of the farm as well as his immediate family. In the meantime, government economists have estimated that any such new formula would raise old parity levels as much as 10 to 12%, but it remains to be seen whether these proposals will finally be enacted. As it is, there has been no further action taken on the release of the loan-impounded wheat, nor have any subsidies been mentioned to make for a freer market in order to take care of those mills which have to pay higher prices for their wheat and yet adhere to a flour price ceiling when they sell. All these uncertainties make it difficult for both processors and traders to act with even a fair degree of intelligence, because the picture is so apt to change if one does incorrect guessing.

When our market opened this morning, the flour business was considerably quieter than in recent days. Possibly, the heavy purchases over the past week have been sufficient to take care of immediate requirements. This all resulted in fewer hedges being taken out of the pit today, and it is probably a fact that volume of business was also lighter. For the third day in succession, the total open interest has declined, with only 26 3/4 million bu open for the four trading futures, which is again an all-time record low. When it is considered that rye is ordinarily a secondary cereal, insofar as trading activity is concerned, we call attention to the fact that there is 4 1/2 million bu more rye open than wheat, indicating that people are more prone to go into commodities in which there is less artificiality.

During the past week, Canada shipped about 3 3/4 million bu of wheat and flour, or nearly half as much as was cleared from our shores during the past twenty-one weeks, clearly indicating that our exports of only 7 1/2 million bu since July 1st have been kept down by the loan program, which continues to keep our wheat at uncompetitive levels.

Soon Southern Hemisphere countries are having their harvests--in fact, operations in the northern areas of Argentina, are progressing, but even before the movement, there is already 30 million bu in the chief ports. The Australian crop will probably not exceed 145 million bu, but with the shortage of shipping, this may still prove to be a big yield though, compared with 170 million bu a year earlier.

Primary receipts were 1,062,000 bu, compared with 1,522,000 bu last week, and 772,000 bu last year. Kansas City stocks so far this week show a total decrease of 290,000 bu. When the visible supply is posted on Monday it will compare with last year's shrinkage of 3,183,000 bu.

The nearby months were strongest in all pits; changing over by hedgers and lack of pressure was responsible. At the last May wheat was unchanged, and July wheat was 1/4¢ down.

Corn was not much changed, but receipts were light, and good cash premiums prevailed. It is not thought with the corn-hog ratio of 16.5 that there will ever be a big movement. This compares with 17.6 the previous week, and 14.5 a year ago.

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CHICAGO MERCANTILE EX.

CHICAGO December 7, 1942.

Secretary Wickard was given full authority over all food supplies for the duration of the war, and thus he is now empowered to control distribution, production, and rationing. While it is true that the Department of Agriculture has been very instrumental in bringing about certain acreage reductions, and has also had a hand in producing greater amounts of other foodstuffs which were necessary for the war effort, it is now a fact that the President's action has consolidated most of these duties in one office.

The grain trade did not respond much to this announcement, for the reason that nobody can tell yet what new orders are necessary for this mandate. Meanwhile our legislative bodies are working on a proposition to obtain a new parity concept. If such a revision were finally adopted, it might boost farm prices as much as 12%, which is contrary to the anti-inflation program. Nevertheless, the revision is intended to include all wages of both hired workers and family helpers, and has the approval of both the House and Senate agricultural committees. Whether the Chief Executive would sign such a bill is still a question. It must also be remembered that loan prices for all basic crops have already been based on the old parity prices for the current year. Therefore, no changes are indicated for this crop. However, next year's prices and loans might be higher; and this all has a tendency to keep the farmer in a rather bullish frame of mind, and we, therefore, doubt whether pressure from the country will be at all great. Apparently, the trade was of the same opinion, and we had somewhat higher prices this morning, despite the fact that the flour demand was rather light, and there were no other constructive factors.

In analyzing the total amount of wheat officially under the loan, we find that of the 340 million bu which was reported as of November 28th, there was 143 million bu stored on farms, indicating a decided tendency on part of farmers to hold their wheat; last year the total farm loan stocks reached 118 million bu at the peak of the program. Presumably, farmers must determine by December 31st whether or not they wish to impound their grain, although possibly there may be an extension of time, but nothing of the kind has yet been announced. The 1943 annual acreage allotment for wheat has been set at 55 million acres, but producers have been urged to shift wheat lands over to war crops in order to achieve a national goal of 52 1/2 million acres. We shall know more about this when the winter wheat plantings are announced by the government later in the month, but we cannot have the complete picture until next spring owing to the fact that farmers in the Northwest do not have to commit themselves that far ahead. The crop in the winter wheat sections has gotten off to a wonderful start, and is being helped now by copious moisture, mostly in the form of snow, which was reported during the last three or four days.

For the third or fourth week in succession the visible supply was late in being posted, owing to a statistical delay at Buffalo, but indications are that the wheat visible may show a big decrease, largely due to shifting of stocks prior to the close of navigation, and considerable grain seems to have left Duluth. Of course, some of it might show up on the Lakes, or at Buffalo.

After mid-session, prices turned easier, and this was the pattern in all pits. The open interest in wheat declined again to about 26 million bu, being the lowest of record, showing the complete lack of speculative interest on the one side, while hedgers also have been contracting their position, this having been caused by the recent spurt in the flour demand. Final prices were about 1/8¢ per bu lower.

Corn early in the day was quite firm, but also yielded ground. Regardless of the outcome, present supplies are heavy, and the bull may have to exercise some patience, and also make some sacrifices because of carrying charges before finally winning out. We feel, however, that heavy feeding operations are bound to occur.

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CHICAGO MERCANTILE EX.

CHICAGO

December 8, 1942.

There is still great confusion at Washington with regard to the question of flour ceilings and the possible granting of subsidies if present limits are maintained. There have been no details given out, despite the fact that certain flour interests have been hard-pressed owing to the fact that they are not in position to make satisfactory purchases of wheat at a margin which will enable them to sell flour profitably. Thus, with bread the staff of life, we are confronted with a situation which must sooner or later be unwound, for even some sales have been restricted for the army and navy because of the deadlock, which almost inevitably insures a loss to those mills which through no fault of their own are being severely squeezed. It is difficult to predict what the final solution will be. Various subsidies have been paid in an effort to get prices up, and this has been accomplished artificially, with the result that wheat is probably selling at a price double its merit, considering the statistical situation in North America. Having attained their purpose in getting tremendous quantities immobilized from both previous crops and the current one, the cash situation gradually has become tighter. Now apparently another subsidy is necessary to bring prices down in order to save the consumer, but while all these difficulties are taking place, the public finds it extremely hazardous to operate in the market.

For this reason, the volume of trade yesterday was again extremely light, and the open interest shows that there is complete indifference, particularly as there are hardly any new hedges coming into the market. With the great possibility that next year's parity level will be higher, there seems to be a holding tendency on part of the farmer, and he is naturally not pressing his grain for sale. Even in the Northwest where the crop was very large, wheat receipts are beginning to contract. There were 412 cars of wheat received at Minneapolis and Duluth compared with 450 last week, and 566 a year ago. Ordinarily at this time of year, some boats from the Northwest might have carried grain to Chicago, but apparently most of the steamers have headed for Buffalo. We find that stocks at Chicago are declining, with a decrease of 622,000 bu for the week, and a total remaining here of 8 3/4 million bu, which is only about half as much as was on hand at the same period a year ago. With the small crop of soft winter wheat, there is little chance of building up large supplies, as the territory tributary to Chicago fared badly a year ago when the plantings were restricted owing to adverse weather.

Primary receipts were 1,233,000 bu compared with 1,410,000 bu last week, and 1,187,000 bu last year. So far this week, Kansas City stocks show a total decrease of 32,000 bu.

There was no special feature to the market, although apparently some resting orders against flour business were uncovered when prices eased off. The volume of trade, however, was extremely light, and for that reason changes were nominal, except for the fact that December wheat was again firm; this is a reflection of the cash situation. Of course, even that might change if subsidies are offered by the government in order to put some of the loan stocks now impounded into the hands of processors.

Corn recovered a little from early weakness, and we believe there was again probably more trade in this pit than in wheat. The same is true of rye, where a rather large gathering has been assembled now for some time. Independent weakness in rye was more the result of a shortage of buying than any particular pressure. The whole country seems imbued with the idea that rye prices are cheap compared to everything else, but many seem to forget that the demand is also relatively poor. All this may change if we have peace, but it is even questionable then if the government holdings of wheat are given away in preference to any new purchases of rye for the same purpose.

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CHICAGO MERCANTILE EX.

December 9, 1942

Life is so eventful that even over a short period, such as the last four or five years, we often forget many of the important things which have taken place. During the crop-year 1938-39, the wheat loan averaged only 53¢ a bu on the farm, and, of course, when it was put on it was to prevent a tragedy for American agriculture, and was not intended to bring about an artificial situation, such as we have at the present time, where despite tremendous stocks some millers in isolated parts of the country are fearful of a bread shortage. In 1939-40, the loan was advanced to 64¢; the following year to 65 1/2; in 1941-42, 98¢ while for the current season the rate to farmers is $1.14 a bu. The loan program has been a most important price factor ever since it came into operation in 1938; in fact, we believe that this rather than the war is responsible for the present levels, which, of course, are being maintained mostly through artificial props. In the ten-year period, 1932-41, the carryover of old wheat from one crop to the next averaged about 235 million bu, While there were times when prices were depressed, the accumulations never became overly burdensome. However, our reserve stock last July amounted to 627 million bu. This revised figure is a reduction of 6 million bu from the one issued preliminarily. Even assuming that our domestic disappearance of wheat will total 750 million bu during the current season owing to extra amounts that may be fed or used for the armed forces, it is still quite likely that we shall be faced with a carryover next July of about 825 million bu, thus indicating what the loans are doing, particularly through the loss of our export outlets.

Despite all this, a tight cash situation is developing, and the government has found no complete solution to a problem which is giving great concern to many mills in the country. The flour ceiling, while not allowing for the advance in the market price of wheat, will in some cases prevent conversion profit. In this State, for instance, for every 15¢ purchase of merchandise, whether for food or otherwise, a 1¢ tax is levied, and while many people do not particularly cherish the idea, there are really not many complaints. Yet, with even a 40 to 60¢ change in the per-bushel price of wheat, bread would only vary in price by about 1¢ a loaf. Thus we believe that some of the anti-inflation proponents are overemphasizing the arguments that if parity levels were reached, the whole country might be thrown into turmoil.

Other countries are apparently having their agricultural problems, also. In Canada, for instance, where wheat crop and carryover last August amounted to more than a billion bushels, the farmer had been authorized to market only about 280 million bu of this year's crop owing to shortage of storage space and the insufficient export demand. Therefore, it was a foregone conclusion that heavy reserves would have to be held back on the farms. Today, however, the Canadian Wheat Board announced that, effective immediately, the general delivery quota of 5 bu per authorized acre of wheat would be increased to 8 bu, and possibly this will afford some relief, although at present the Canadian visible supply amounts to 456 million bu, which is extremely large, considering that the crops of oats, barley, rye, and flax were all more than double this season compared with a year ago. Since Canada is a nation with a limited feeding capacity, coarse grains are also apt to give great concern before the year ends.

Our trade was again very indifferent-- possibly a little more volume than yesterday when less than 2 1/2 million bu changed hands in the whole wheat pit. However, the question of subsidies has not been determined, despite some rumors that Washington might come out with a plan in the very near future. This naturally makes both industries and speculators extremely cautious. The result was that final prices for December wheat were 1 1/4¢ a bu higher, while May wheat was up 1/4¢. In practically all markets spot wheat is strong, and this has had a firming influence on the nearby months. Of course, the reason for it is obvious: namely, that heavy impoundings have brought about a technical scarcity.

Corn was inclined to be easier at times, but everyone is convinced that the feeding operations are bound to be heavy. It may take patience before this cereal can improve much, because a good many people playing the constructive side of the market have already made their commitments, and for the time being supplies are ample, having raised the largest crop of record.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO December 10, 1942.

About the only impelling motive for the purchase of wheat is the great strength in cash markets, but apparently this was sufficient to impart strength even to the deferred futures, and thus after many days of quiet, we had a reasonable amount of short covering. There seems to be considerable indecision in Washington as to what policy shall be adopted in order to provide sufficient supplies of free grain to take care of legitimate requirements without disturbing the flour ceiling and without compelling the grain which has been placed under the loan to be marketed under some sort of subsidy. The difficulty is, of course, that when we have free and open markets any miller can buy the exact type of cash wheat he desires and which is suitable for his particular trade. Furthermore, the rollers of a mill have often been set to accommodate a certain grade of wheat, and the processor who may enjoy a certain family trade naturally wishes to keep his product up to standard. As it is today, with the great turmoil, he may have to take whatever he can get, and in some instances is even compelled to buy a poorer grade than he desires, since the flour ceiling has become a very restrictive measure. And so we find ourselves in the midst of plenty but suffering from great confusion.

At a meeting yesterday of the American Farm Bureau Federation, three of the important farm leaders joined in an attack on food subsidies, government regulation of agriculture, and federal bureaucracy. While all pledged full cooperation toward the war effort, they claimed that farmers were "hot and bothered" about the new consumer subsidies, which apparently were intended to keep down the cost of living. Commenting upon the independence of American agriculture, one of them stated that it appeared very much as though subsidies were becoming a permanent part of the farm program. He also added that if any industry should be self-supporting, surely it was agriculture.

In the meantime, Southern Hemisphere crops are progressing, and with the Argentine harvest nearly ready for market, there is still an old surplus of about 160 million bu. The new crop prices to growers have been announced by the Argentine government this week, but are unchanged from last year. The price in our currency is about 54 1/2¢ a bu, basis Buenos Aires. Even at that price clearances are running rather small, averaging only a little over one million bu a week, hampered, of course, by lack of shipping. Since August 1st, nearly 25 million bu has cleared from Argentina and Uraguay ports, and a large proportion has gone to European countries.

In Britain, expansion of acreage continues, and according to Broomhall, farmers have been requested to turn over a million acres of virgin grass land to grain seeding. The wheat acreage alone may be increased a further 600,000 acres, which will give that country a total of 3 million acres for 1943, which is approximately an increase of 70% over the pre-war amount.

Primary receipts were 925,000 bu compared with 1,144,000 bu last week, and 775,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 648,000 bu.

Our markets were rather firm from start to finish. The fact that many dairy products are selling at ceiling levels, and that newspaper articles carry various items on the impending food shortages, have tended to create a bullish feeling in grains, even where big surpluses exist. Of course, this would not be possible were it not for the artificial support. During World War 1, when almost everything was inflated, coffee, which had been overproduced, lagged. At the present time, wheat offerings are light as impoundings have been tremendous. Final prices were about 1¢ per bu higher.

Corn and rye were both firm; resistance only came after sharp rallies had occurred.

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CHICAGO MERCANTILE EX.

December 11, 1942

Kansas is the most important wheat State in the Union, and in an average year it raises a sufficient quantity to take care of about one-fourth of our domestic consumption. Therefore, it is extremely important whether or not yields are large or small. According to the weekly weather and crop report from that State, snow covering is ideal for winter wheat, and will supply sufficient moisture to carry the crop well into the winter. The plant is in excellent shape and the present soil moisture conditions are the most favorable in years, so that prospects are bright for a good 1943 crop.

Ordinarily, the trade would pay some attention to matters of this kind; also, it would be important, with the tremendous surplus whether we were able to export much of our grain, but all of these matters are being discarded since it is the artificial stimuli which are paramount. As a matter of fact, in twenty-two weeks, we have cleared only about 7 3/4 million bu of wheat and flour; so our record is not particularly good. Canada in four weeks less has exported about 58 million bu since the beginning of her crop season on August 1st. This last figure is our own estimate, but we arrive at it in the following manner: Total disappearance in eighteen weeks amounts to 76 million bu, and we calculate domestic grindings at the rate of about a million bu a week. Therefore, based on past experience, the indicated clearance figure should be about correct. It is thus apparent that when prices are kept in line, even with the export outlet greatly curbed, there is a chance of doing business, but since we are not offering export subsidies and are keeping our prices way out of line competitively, we are bound to add more and more wheat to our reserve stock.

When our market opened this morning, prices were very firm, and this was again a reflection of a tight cash situation, brought about by the large amounts that have been taken away from the normal trade channels. On the other hand, it is quite apparent that if the OPA is insistent upon maintaining flour ceilings, the government will have to offer some relief to millers in one form or another. We believe that some relief has already been afforded through the swapping of grain or by means of actual loans where government holdings have been used. Since federal grain cannot be sold for human consumption at less than parity levels, these loans will have to be repaid at a later date unless new legislation is drafted. We are not fully familiar with the methods now being considered, but judging from the open interest and the amount of milling business that is taking place, we are inclined to believe that our assumptions are well founded.

According to one authority, rationing of nearly all foods is now only a question of time, and civilians have been told that many more articles would disappear from the shelves. We doubt very much whether bread or flour would come under this category, but at the moment speculation does not seem to recognize the difference between items which are plentiful and those which are scarce. Under Lend-Lease, many millions of dollars of food have been exported, but judging from the export figures in wheat, the latter article is being exported from other sources.

Primary receipts were slightly over one million bu, or practically the same as last week, and this compares with 785,000 last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 792,000 bu. When the visible supply is posted next Monday it will compare with a decrease a year ago of 763,000 bu.

Wheat was rather firm; in fact independently so at times. Trade was not very heavy, possibly it was a little slower than yesterday when only 5 million bu were transacted in the pit. Final prices were about 3/4¢ per bu higher.

Corn lagged at times, but feeding values are still favorable - not only for hogs, but also when considering that cattle prices today were the highest since August 1919, and now stand at 136% of parity. without any apparent price control being sought.

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CHICAGO MERCANTILE EX.

CHICAGO

December 14, 1942

All futures of wheat went into new high ground for the season when our market opened this morning. This, of course, is bound to bring increasing complaints from mills all over the country, as they are naturally being squeezed as long as flour ceilings are being maintained. They have to pay advancing prices for the grain which they purchase, with both futures higher, and also premiums being asked for good milling varieties over the December levels. One would think, for instance, in Minneapolis where wheat has been selling at big discounts under Chicago that the Northwest might be in a preferred position, but actually cash wheat is selling anywhere from 1 to 3¢ over Minneapolis May with the result that spring wheat millers are paying as high as $1.29 for their requirements. Thus, if they make sales of flour in conformity with government standards, their profits either are very low, or might be wiped out entirely. There is so much comment as to what Washington might do, that the greatest amount of confusion exists; in some quarters it is thought that flour ceiling prices may be raised, but we have no intimate knowledge as to whether or not this will occur. Should a small raise in the ceiling be allowed it might not be particularly beneficial, as the market could easily advance, and then the trouble would start all over again. However, if the OPA is wedded to a definite price, and refuses to grant any tolerance, then, of course, subsidies must be invoked.

Trade interests are finding it difficult to operate, or even guess the procedure now contemplated. The 1942 CCC loans, as published last Saturday, amount to 351 million bu; probably more grain is frozen, but not yet entered on the ledger. There is also 263 million bu of wheat tied up from previous crops, and there may be an additional 100 million bu of grain representing farm storage which has been removed from commercial channels. The total from these three sources would amount to 714 million bu, or almost enough for a year's domestic consumption. Then there is an additional 150 million bu, comprising seed and feed requirements, so that actually about 864 million bu of wheat is tied up in one form or another; this naturally is creating tightness, owing to the fact that our grindings for the first six months must amount to easily 250 million bu, suggesting that over one billion bu will have been consumed, or will be under government control by the first of January. Of course, there was some free wheat carried over from last season, but shelves cannot be entirely bare. Furthermore, where purchases are made for the Army and Navy, it is necessary to ship supplies far ahead of actual demand.

In order to conserve shipping, the United Kingdom determined to expand the agricultural output. It has been announced that one million acres of grass will be plowed up instead of the 650,000 originally talked of. What the repercussions will be after peace is established, remains to be seen, but ordinarily Britain imports about half the wheat which is shipped to European countries. For ourselves, we can report that Winter wheat is now in the dormant stage in most central and northern sections, While abnormally cold weather has prevailed through much of the wheat territory, there was a good protecting snow rather generally and few complaints are heard.

Primary receipts were 1,320,000 bu compared with 1,417,000 bu last week and 1,146,000 bu last year. When the visible supply was posted it showed a decrease of 3,798,000 bu. Total supplies in all positions are now 207 1/2 million bu which is 13 million less than a year ago at the same date. Chicago stocks also showed a shrinkage of 675,000 bu, this leaves slightly over 8 million bu here.

There was not a great deal of trade today, because of the uncertainties to which we have referred above. December wheat was very firm and this had its influence upon the deferred months, with the result that May and July wheat were finally about 1/8¢ per bu higher.

Corn was barely steady, and for the time being, the shipping demand seems to have dropped off. Also the quality of receipts coming into Chicago indicate that some lower grade corn is being received now. This may only be temporary, but we feel that purchases should be confined to breaks, believing that finally the heavy feeding will tell its own story.

Rye was inclined to be a little weaker, although the strength in December had a firming influence upon the later months.

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CHICAGO MERCANTILE EX.

CHICAGO Dec. 15, 1942.

While we have not carefully analyzed the business of milling concerns, we are convinced from a cursory examination that there must be any number of inequalities owing to the present flour ceiling. For instance, in southwestern sections of the country, it must be much more difficult to sell flour which is derived from winter wheat than it is for the mills in the Northwest to sell spring wheat flour. This is quite obvious by a comparison of price. Even in the latter case, the smaller organizations that have relatively higher costs and where the marginal profit is less must find that with the recent advance in the wheat price, any new business is extremely difficult. We are told that in trying to supply the family trade, there is still some money to be made in new orders, but even where the profit is very scanty, some of the mills continue to satisfy their customers rather than let competitors try to take the business away from them. Many of these mills over a period of years have built up good will and may be more willing totake small losses than to lose accounts. As far as the bakery business is concerned, the same is partially true, although where the volume is big nobody wants to carry on where there is almost sure to be a loss. It is very doubtful whether the OPA had intended to create such hardships, but, nevertheless, here are the facts, and despite all the wrangling, there is apparently no solution. An official spokesman for the Office of Price Administration said that the agency was not expected to complete action on the new flour ceilings before the first of the year. The trade believes, and some millers concur in the thought, that a slight relaxation of flour ceilings is possible, but even if this should occur, it is also quite likely that with the farmer in a bullish frame of mind, the market might advance, and thus, we would be right back where we started. In other words, unless a ceiling were placed high enough to permit redemptions, it is almost an assured fact that either a subsidy or some other system must finally be invoked to release loan wheat or those stocks which are now held by the government.

Despite all the handicaps, there seemed to have been a fairly large flour business overnight, with the result that hedges were withdrawn from the pits both here and at Minneapolis. This is ordinarily the season of the year when prices are firm; in fact, there is a saying in the grain trade that anyone who is short wheat futures at Christmas does not usually enjoy the holiday. This is a period where the maximum pressure has already been exerted, and from now on visible supply stocks start decreasing. It normally changes again about the 10th of January when many mills close for inventory purposes and Southern Hemisphere pressure increases. But everything is so different from the normal that there is simply no pattern to follow. We believe, therefore, that the artificial surroundings will continue to be paramount.

To show how official Washington is thinking, we call attention to yesterday's offer of the Director of Economic Stabilization, Mr. Byrnes, who was willing to permit an increase in the price of flour by 58¢ a barrel, or nearly 13¢ a bu, if Congress would change the law to permit the CCC to sell up to 150 million bu of wheat at less than parity price. Apparently, this was in lieu of the subsidies now under consideration, but the Senate Agricultural Committee promptly rejected the proposal.

Primary receipts were 1,137,000 bu compared with 1,233,000 bu last week, and 944,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 141,000 bu.

Trade was more active than it has been in some time. The withdrawal of hedges by milling interests was the prime factor, and the market went into new high ground for the season. Many believe that finally flour ceilings will be adjusted higher without any strings attached, but we have no confirmation of this, nor are we in a position to make forecasts. At the same time new pressure from the country is inconsequential, and thus, it requires but small buying orders to boost the price. Final values were about 2¢ per bu higher.

Corn went up reluctantly, but was led to a stronger close by the great strength in wheat.

In rye, despite small profit-taking, the market kept almost full pace with wheat, and many people still regard the former cereal as cheap at the present discount under wheat and corn. The demand, however, is only moderate.

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CHICAGO MERCANTILE EX.

CHICAGO December 16, 1942.

The Argentine wheat harvest is in full swing, and yields for the most part are satisfactory. As a matter of fact, the preliminary estimate is for a crop of 242 million bu compared with 224 million bu last year. Besides this, old crop supplies are heavy, and are estimated at close to 160 million bu. Just how that country will get rid of this surplus remains to be seen. Clearances are running anywhere from 1 to 1 1/2 million bu per week, of which a fair amount is going to Spain, and a large quantity is also destined for non-European countries. However, with England getting most of her supplies from Canada, the outlook is not too good. Therefore, when the war ends, the Southern Hemisphere countries will undoubtedly be pressing wheat for sale. This is a factor in addition to the tremendous supplies which are being built up in North America.

Broomhall brings up a rather interesting point in discussion of the new parity concept. As we have mentioned in our letters previously, the Farm Bloc is now anxious to include increased labor costs, but if methods are to be streamlined and made more modern, it must also be remembered that other changes have taken place since the base period was first considered as a pattern thirty years ago. Farm machinery, for example, was much less efficient in 1909-1914 than at present. Therefore, there have been all kinds of labor saving devices, which should be taken into the reckoning --consequently, all kinds of agricultural and scientific research; furthermore, better treatment of the soil, together with development of new strains of seed, which have tended to lessen the overhead cost of each unit of grain which has been raised. The discovery of rust-resistant and quick-maturing seed varieties has done much to promote agricultural improvement. Therefore, the field is almost endless if all these factors would be included in a truly comprehensive computation.

In the meantime, the trade seems to be moderately confident that the OPA will relax flour ceiling prices, possibly to the extent of 58¢ per barrel, which would be approximately 13¢ per bu. The original proposal was that if anything were done, it would be contingent upon the CCC being permitted to sell some of its holdings, but obviously the Farm Bloc was so determined against this move that possibly the additional latitude will be granted without any strings attached. In view of the tight cash situation, this naturally would be a bullish influence, and probably accounts for the changed psychology, even after recent advances in the market.

While millers in some parts of the country undoubtedly are hard pressed until relief is offered, it must be taken into consideration that since the ceiling price of flour was originally adopted, the offal has advanced in price possibly as much as $5.00 per ton in some places. Thus, the pinch may not be as severe as is indicated by a mere glance at price levels, but we are told that one of the factors which has caused great hesitation on part of the OPA is the fear of a rise in bread prices. Should bakers consent to maintain present levels, even with the somewhat higher flour price, then ofcourse, one of the main objections might be removed. And this we understand, has been one of the controversial points in the present negotiations. Today's milling demand was not as brisk as yesterday's, but some hedges were taken out of the pit.

Primary receipts were smaller at 808,000 bu compared with 1,178,000 bu last week and 861,600 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 353,000 bu.

Trade was less active than yesterday and apparently there was some hesitancy, which is only natural after the firmness which we have enjoyed during past sessions. Of course, those who bought wheat would like to see confirmation of what has been discussed by way of higher flour ceilings, but there is no indication when the announcement may be expected, if at all. Final prices were 3/8¢ a bu lower than yesterday.

Corn was a shade lower, and while sentiment is bullish many people recognize that with the largest crop ever raised, the present price may discount some of the bullish feeding objectives, at least for the time being. Also, with larger receipts and less activity on part of industries, patience may be required for those who have made commitments on the constructive side. Rye was also a little weaker, and we believe about the only thing that would be very helpful to this cereal would be a sharp advance in wheat.

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CHICAGO MERCANTILE EX.

CHICAGO

December 17, 1942.

In recent years, three of the large surplus countries have contrived to exercise indirect control over wheat sowings by withholding financial benefits from farmers who refused to cooperate in any scheme of national planning. All this has not materially curtailed the yields, since the ultimate decision still rests with the growers and there have been ways and means of better utilizing the soil, so that with more intensive cultivation the results at harvest have been extremely satisfactory.

Ordinarily at this time of year, much attention would be directed toward Southern Hemisphere developments. We have refrained from discussing the Australian situation at great length for the reason that in the past two and one-half years the government has issued no rate of exports of wheat and flour, and much of the other information has been censored. It is known, however, that the wheat growers in that country have marketed their grain through a compulsory pool, and thus they received a guaranteed price from the federal purse. The producer also had to agree to limit his wheat areas in accordance with a government dictate. He could only raise wheat under license, which was probably as objectionable to farmers of a free country as it would be over here. From the best available sources, it is now estimated that the Australian crop, which is being gathered under favorable conditions, will yield about 145 million bu. With an estimated carryover of 100 million bu, total supplies should reach 245 million bu, and deducting home needs, there will be a surplus of 185 million bu, which, in our opinion, will be difficult to market, as ever since Japan entered the war, exports have dropped to less than 40 million bu annually. With a crop and carryover in the Argentine of some 400 million bu, even deducting 100 million bu for domestic usage, there is a surplus of 300 million bu, which likewise is not simple to reduce in large quantity. There are a few Italian boats that were immobilized in Argentine ports at the outbreak of war, and subsequently purchased by the Argentine government. These may ply between some of the other South American countries, notably Brazil, in the handling of export trade, but even Brazil now at war, is endeavoring to reduce her own imports by increasing home production. Some cargoes are being shipped to Spain, but the British demand is almost negligible since England has now reached a stage in the war when both she and the allied nations must conserve tonnage to the utmost, and long-distance trips are avoided whenever possible.

This all suggests that after we have peace, the competition to sell will be universal, as will likewise be the need to get grain by the war-stricken countries of Europe and Asia. However, with Argentina and Australia having a combined surplus almost as large as the former import requirements of the whole world, and with the United States probably having a reserve stock next July of 800 million bu or more, and Canada going into her next crop season with a possible carryover of 650 million bu, we don't see where there will be sufficient ships nor sufficient demand under any set of circumstances, regardless of hungry mouths, to put in order a condition which has been brought about by the combination of large crops and the lack of demand.

There was nothing new from Washington today; in fact, with Congress adjourned, everything was extremely quiet on Capitol Hill. The trade feels, however, that finally higher flour ceilings will be permitted, although until anything of that kind is announced a certain amount of hesitation is bound to occur.

Primary receipts were 975,000 bu compared with 925,000 bu last week, and 676,000 bu last year. Kansas City stocks so far this week decreased 241,000 bu.

While markets were firm early in the session due to lack of pressure, there seemed to be some profit-taking later in the day. After all, with the price at about the $1.35 level, there is a little more two-sided debate as to whether or not the government will finally try to secure legislation to sell some of its holdings at under parity levels. It would undoubtedly be a very controversial measure in the next Congress, but at least some thought is being given to the possible effects of these proposals. Final prices were 1/8 to 1/4¢ per bu lower.

Corn was fairly firm at times, but finally yielded ground when wheat and rye declined. Trade on the whole was very moderate.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO December 18, 1942.

There was no special grain news overnight. However, the President announced that Mr. Henderson's resignation from the OPA had been accepted, and some regarded this as opening an avenue for relaxation in certain lines. It is currently reported, for instance, that the higher flour price ceiling, which has been so much discussed recently, may be announced soon, with the result that milling interests werepresumably heavy buyers this morning when our market opened. Should the flour price ceiling be raised by 58¢ a barrel, permitting a rise of about 13¢ a bu in wheat, it naturally brings up the question as to how much of this has already been discounted in the recent wheat advance. While the consuming interests were quite aggressive in their purchases, they seemed to get supplies with the utmost ease, and longs who had accumulated futures during the past few weeks were the best sellers. It is naturally difficult to trade when there are so many cross currents, particularly since the present price seems to be more attractive to farmers, and we heard today that offerings all over the Southwest were on a more liberal scale. Likewise, the country sold wheat again in the Northwest, although the volume was not nearly so much as during the past few days. In many places wheat has risen above the loan levels, and while this may not shake loose the impounded supplies which carry heavy charges, it may now tend to divert new wheat originally intended for the loan into commercial channels, but in any event, we have not changed our idea that the total amounts to be frozen from the 1942 crop may reach about 450 million bu.

Meanwhile, our exports continue rather disappointing. In twenty-three weeks we have shipped only 8 million bu of wheat and flour, which is only a fraction of what Canada has done during a similar period. Considering that the Southern Hemisphere has been practically cut off owing to the length of haul, Britain must necessarily come to North America for her supplies, and inasmuch as we are giving a great deal of other food away under Lend-Lease, we certainly could command a larger portion of the export business if we had kept our prices more in line with Canada.

There will not be much crop news for several months, since virtually all of the winter wheat has hibernated. Nevertheless, the Kansas Weekly Report claims that a generally improved soil moisture condition is reported in the western part of the State. As a result of freezing temperatures, the crop is dormant, but for the most part it has been blanketed with two or three good snows, which were pretty evenly spread over the fields, providing protection as well as moisture. The Oklahoma report states in part that small grains generally are in good to excellent condition. Later in the day, the Department of Agriculture will issue its final report on the 1942 crop production. For wheat the changes from preliminary estimates will probably be very small. On Monday, another report will be issued giving the fall seeded acreage condition and the indicated production for the 1943 winter wheat crop. Thus, we shall have a little more statistical data to work with, although it has been a fact that the trade was more interested in artificial surroundings, as the many federal policies are responsible for keeping grains at levels not warranted by actual supply and demand.

New seasonal highs were established this morning, while the same was true in outside markets. However, the volume of trade was still comparatively light, and many people are finding it increasingly difficult to operate with the many uncertainties that confront them.

Primary receipts were 1,269,000 bu compared with 1,014,000 bu last week, and 806,000 bu last year. Kansas City stocks so far this week show a total decrease of 519,000 bu. When the visible supply is posted on Monday it will compare with last year's shrinkage of 1 1/2 million bu.

Wheat was quite firm from start to finish. Nobody seems to be aggressively bearish, with the possibility of higher ceiling prices. As a result final prices were about 1 1/2¢ per bu higher.

Corn also acted better, but the main action was in rye, where apparently sentiment continues very bullish. This originates from the idea that rye prices are cheap compared with all other grains, but in our opinion, it will take actual cash demand to finally maintain the higher levels.

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CHICAGO December 21, 1942.

According to the last government report, the combined yield of spring and winter wheat was 981 million bu. This was the second largest crop ever harvested, exceeded only by the bumper yield of 1915. On the face of it one could naturally draw very bearish conclusions, particularly since we carried 627 million bu of wheat over from other years. Notwithstanding the fact that total supplies were the largest ever recorded, the trade has had to face realities, and the CCC has just estimated that about 500 million bu of wheat would be impounded from the 1942 crop. While the figure is a little higher than our estimate, we have to accept it at its face value, as they have better knowledge of what is actually taking place. It is also necessary to assume that 150 million bu wheat will be used for feed and seed, and this grain will probably never leave the farm. Therefore, there is 650 million bu of wheat to reckon with, which, if deducted from a crop of 981 million bu, leaves only 331 million bu for actual grindings. Of course, there is an additional 200 million bu of free wheat from other years, but the total amounts to only 531 million bu, and since we grind annually about 500 million bu, on this basis there would be practically no free wheat at the end of the crop season. This, of course, is all on the assumption that the government will not sell any of its holdings and that the price may not be permitted to rise sufficiently so that redemptions could take place. At this point, there is another factor which the trade must take into consideration: namely, that there is a collision between advancing wheat prices and fixed flour ceilings, so that possibly steps will be taken to relieve such distress. We have seen in other instances where rising raw material prices and the finished product came together so closely that steps were taken, and while we have no inside information, we do believe that under the stress of conditions, something will have to be done before long.

In making the above calculations, we think it only fair to mention that only six months of the crop year has passed, and therefore, conditions are not as acute as they may become later. Of course, purchases of flour not only for Army and Navy and for Lend-Lease, but also by domestic consumers, are often made far in advance, and we are already feeling a certain tightness in cash markets, which seems unnecessary when we are surrounded with such tremendous supplies. Right after our market opened, great weakness occurred at Minneapolis. This was the market that ruled the strongest on Saturday, but the sudden reaction uncovered stop-loss orders here and sentiment for a time became quite bearish, without really having any definite reason for assuming a changed attitude.

Primary receipts were 1,355,000 bu compared with 1,320,000 bu last week, and 1,307,000 bu last year. When the visible supply was posted, it showed a decrease of 2,891,000 bu, which leaves total stocks in all positions 204 1/2 million bu. This is about 14 1/2 million bu less than for the same date a year ago. Chicago stocks decreased 610,000 bu, which is a big shrinkage, leaving 7 1/2 million bu here.

Our market was fairly firm at the start, but the moment Minneapolis weakened, trade here became nervous. There have been reports that something may come out of Washington, and nobody seems to know just what this is, but with prices ranging from $1.35 to $1.36 there is even a chance that the red wheat in certain localities has reached a point where redemptions are possible. Therefore, even the most ardent longs are becoming a little hesitant. Final prices were about 1 1/4¢ per bu lower.

In corn, the start was higher, but with something like 600 cars received here today, and lower prices for the leading cereal, prices yielded ground, but there was no distinct weakness.

Rye has the appearance of being overbought. While this cereal is cheap compared with other grains, it will finally take better demand, in our opinion, to maintain it at present levels.

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Dec. 22, 1942.

In former years, the government issued two reports in December dealing with crop data. The first one made a final estimate of the winter wheat crop, the same as is done at present, but the next report, which followed two or three days later, simply gave the condition of the planted wheat on a percentage basis, as well as the amount of acreage that had been sown, leaving to the imagination of the trade the possible yield for the winter wheat crop the following summer. Recently they have gone a little further in trying to estimate the bushelage, but, of course, any forecast that is made six or seven months ahead is naturally hazardous. Therefore, the estimate of 625 million bu, which was made yesterday, is only preliminary in its scope and may undergo many revisions. A year ago at this time, the crop was estimated at 631 million bu, and the way it turned out, actually 703 million bu was harvested. Of course, spring and summer weather was almost perfect for the best development of the crop, and the same may not occur in the months to come. In any event, those who compile this data are undoubtedly working according to the law of averages, and it is a known fact that the seeded area is only 37 1/2 million acres, which is a slight reduction from last year but compares with 48 million acres sown during the ten-year period, 1930-39. In spite of the fact that a much smaller amount of land is being utilized for wheat production, the crop outlook is very satisfactory, as the ten-year average yield amounted to only 565 million bu, and it is, therefore, apparent that present conditions must be considerably above normal.

The trade did not pay much attention to these statistics but seems more interested in the possible solution of the great confusion now existing, with flour ceilings preventing the normal business, not only for civilian purposes, but possibly also for Army and Navy use, as well as a little business being transacted by the Lend-Lease Agency. From what we hear, Mr. James Byrnes is opposed to a subsidy plan as it relates to food products. If this is correct, it seems likely that a higher flour ceiling will be permitted, but just when such an announcement is to be made is still a matter for conjecture. The trade felt a little more friendly to the market today owing to the news which we have just cited, but there appears also to be strong sentiment within the administration's ranks to use the loan stocks of wheat in order to break the flour price squeeze. Naturally, certain officials must be concerned over the fact that some 300 million bu of wheat is already directly under their control, with a possible 500 million bu being frozen from the current season. Therefore, the total under federal lock may finally reach a figure equal to the entire domestic consumption of this country for a full year. Obviously, if the loan program is to continue, at some point a halt must be called; otherwise, the government would finally end up being the sole owner of all the wheat in the country.

Primary receipts were 1,658,000 bu compared with 1,137,000 bu last week, and 923,000 bu last year. Kansas City stocks so far this week show a decrease of 41,000 bu.

December wheat was rather strong early in the day, but finally receded, and when this occurred the deferred months also lost their early gains which they had established, with the close hardly changed from the previous session. It is naturally increasingly difficult to have firm convictions until some clarification of the Washington news is made.

Corn acted much the same as wheat. At one time prices were quite strong, but a generally sell-off brought in liquidating orders from a few commission houses, and final prices were a shade lower. Feeding operations continue on a big scale, and this is the important item in the long run.

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December 23, 1942.

Newspaper articles in practically all parts of the country are calling attention to the fact that the United States has a great surplus of wheat, but that in spite of it, a flour shortage is developing. The grain trade has known for many weeks that the mills were caught in a squeeze, with their selling price frozen by the flour ceiling, (as prices for the period September 28th to October 2nd have been set as the top limit) but yet grain prices yesterday hit the highest level on the crop; in fact, they established new highs for the past five years. Many mills cannot continue flour production; therefore, it is very obvious that particularly in wartime something must be done. Just how the pressure will be eased, of course, nobody can tell, but a new plan was apparently devised by the CCC, and according to one Washington correspondent, this will be passed along to Mr. James Byrnes for final consideration. The provision is that farmers who have supplies of free wheat may sell at the market or at any time they desire. They may also redeem some of their holdings presently impounded under the loan and place the grain back into regular commercial channels. As a reward for doing this, they would not in anyway be handicapped if the price rose at some subsequent period; in fact, they would actually be reimbursed for the difference between the actual price at which they sold and the price that might have been obtained had they held for top levels. Thus, the new plan is more or less a left-handed subsidy designed to place more free wheat on the market. We have no way of knowing whether this scheme will finally be sanctioned, but undoubtedly thesame people who find outright subsidies obnoxious would have the same complaint against the back-door method. Then, also, the Farm Bloc has charged on various occasions that OPA has violated the price control law in not permitting parity prices to be reached. There are any number of people in the trade who feel that very shortly some relaxation will be permitted in flour price ceilings that were originally established.

We have contended right along that this will not be the final solution, because unless the price is made high enough to permit redemptions, the same intricacies will again occur except at a higher level, inasmuch as cash wheat has actually become tight, owing to the fact that tremendous quantities are being impounded from the 1942 crop season, with already large stocks of wheat owned by the government on defaults. The argument that the farmer is receiving full parity by a combination of present price plus bounty payments does not have much bearing upon the deadlock which has been brought about, and which apparently is confronting the entire nation. In other words, with the large flour producing sections paralized, definite action is required.

In the meantime, there is confusion, and normal supply and demand factors continue to be ignored. There is nearly 160 million bu of farm-stored wheat under the loan, according to official reports, but actually more than this has been frozen, since the data is quite late in being compiled because of the fact that so many of the loans are for small parcels, and, therefore, are not promptly reported.

Primary receipts were 990,000 bu compared with 808,000 bu last week, and 704,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 631,000 bu.

The wheat market was dull and early gains were not maintained; last prices were little changed, although May and July came closer together.

Corn also receded after early strength; this in spite of the fact that the December pig report is bullish on corn. While the yellow cereal was a bumper crop, we are convinced that feeding will be tremendous. Production of hogs in 1943 will greatly exceed the 1942 production, which in turn was much above any other year. The fall pig crop this year was 23% over 1941. The combined spring and fall crops were 24% higher than a year ago. Now it is estimated that the spring pig crop of 1943 will be 24% over the one of 1942, with a total of 75 million pigs. This all indicates that tremendous quantities of corn will be consumed.

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CHICAGO

December 24, 1942.

There is great indecision at Washington. Had the grain trade been called in before some of the policies were set, the entire situation might have been saved. As it is, there is nearly complete paralysis in some milling centers owing to the fact that with flour ceilings established, it becomes unprofitable to buy grain and convert it. There is also considerable difficulty in just slightly relaxing these ceilings owing to the fact that if the market would advance further this would prove to be only a temporary solution. Consequently, there can be very little comfort in trying to do a piecemeal job, as it would simply delay the day of reckoning. When the loan policy was first established, it was recognized that producers were to have the opportunity of redeeming their grain if parity levels were reached, and we doubt whether it was ever the intention of the law to impound grain under a system where the producer was practically compelled to default.

We started this crop season with total supplies of 1,608 million bu. By no stretch of the imagination will we consume more than 750 million bu during the current season. In this last calculation we have provided for extra amounts which may be fed in connection with the government program; also, some wheat that will be used for commercial alcohol. But in any event, it is 50 to 80 million bu more than has been consumed domestically in recent years. Since total exports to date have been somewhat over 8 million bu, there is at the present time a surplus of 850 million bu over home requirements. We shall finally carry this quantity into the next crop less the amounts that are shipped between now and next July. Such a stock of wheat is more than is often raised in this country, and will also furnish us with sufficient supplies for our domestic usage for a full year without raising another bushel. Therefore, to have actual tightness now and to be fearful of inflation shows that the various organizations are not properly synchronized. It is quite true that farmers are not planting nearly so much as in some of the peak years. In 1937, for instance, 58 million acres were sown but even with the recent contraction, if proper moisture is had we may look forward to a crop next summer which will be in excess of the ten-year average, and thus accumulations are bound to pile up until such time as we find a better export outlet.

Meanwhile, Southern Hemisphere crops are being harvested. We expect that with the carryover reserve the Argentine will have 400 million bu. With an indicated crop in Australia of 150 million bu and a reserve of 100 million bu, total supplies in that country are 250 million bu. After deducting the amounts needed for home utilization in these two countries, there is still about 480 million bu over and above their requirements. This is practically as much as the total world imports in the years just prior to hostilities. On basis of this data, both domestic and international, and also taking into account the tremendous surplus in Canada, it is very obvious that supply and demand factors have been relegated to the discard.

For the time being at least, we are completely dependent upon developments at Washington, and for the moment it looks as though a higher flour price ceiling would be permitted, even higher than the figure recently suggested. This was the reason for an upturn today, but there is no general confidence and the outside public cannot operate intelligently with so many uncertainties.

Corn was also higher. The hog population is tremendous. The feeding program will greatly surpass anything in recent years. Farmers will necessarily keep large quantities of corn at home, and, therefore, we do not expect to see much pressure on the market.

WE WISH YOU ALL A VERY MERRY CHRISTMAS.

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CHICAGO MERCANTILE EX.

CHICAGO December 28, 1942.

The most important news over the week-end pertained to the rationing of all canned fruits, vegetables, juices, soups, etc., this having been considered necessary owing to the fact that with the large exports under Lend-Lease, it has become increasingly evident that the civilian consumption of food would have to be curtailed. This all has happened, despite the fact that fruit production in this country appears at least nominally the largest on record. Allowing for oranges and other citrus fruits still to be picked, the 1942 crops of all major fruits are above the ten-year average with the exception of prunes and apricots. Commercial vegetable production was also much higher than in previous years. The acreage in principal crops for canning and processing was increased 18% over the unusually high acreage grown in 1941. Production increased 13% to establish new records for the principal canning vegetables, including corn, tomatoes, peas, string beans, and lima beans. New high production records were established for carrots, celery, lettuce, onions, and tomatoes. Nevertheless. Nation-wide rationing will become effective in February, as soon as the necessary machinery can be set up, and possibly this will create a larger demand for other foodstuffs, particularly bread and cereals, which are more abundant, and which are not being exported in heavy volume.

When our market opened this morning, it was also influenced by the impending increase in flour price ceilings, which have not yet been announced, but which are almost sure to come owing to the strength in cash wheat, which in turn results from heavy impoundings. There was also a little milling business overnight. May futures were covered in the pit, and as a result wheat went into new high ground for the season. Offerings in all pits were rather moderate, and about the main uncertainty was the extent to which flour ceilings would be advanced, but not the fact that a rise was due.

From a statistical point of view, not many changes are taking place. Canada continues to do the largest share of export business and her total disappearance, including home usage, since August 1st amounts to 82 million bu. In these twenty weeks, about 20 million bu has been ground, suggesting that clearances are in the neighborhood of 62 million bu. In a four weeks' longer period, or since July 1st, United States exports of wheat and flour are slightly less than 8 1/2 million bu, or about one-eighth as much, indicating that with our prices maintained at a higher level this part of our business continues to suffer.

Reports from the winter wheat sections suggest that on a slightly smaller acreage than a year ago, conditions on the whole remain favorable. Much of the show covering has disappeared in the western and southwestern areas, but with no harmful temperatures, and at least a good blanket afforded while the extremely cold weather prevailed, general optimism exists. In the southern Ohio valley, wheat tops show brown color although no permanent injury is reported. Thaw and freezing temperatures were reported in Nebraska, but on the whole the general condition is better at this time of year than in most other cases for a similar period.

Primary receipts were quite large at 1,993,000 bu compared with 1,355,000 bu last week, and only 527,000 bu last year. When the visible supply was posted it showed a decrease of nearly 3 million bu. Total stocks in all positions amount to 201,688,000 bu, or about 17 3/4 million bu less than a year ago. Chicago stocks decreased about 400,000 bu, still leaving slightly over 7 million bu at this point.

The full advance in wheat was not maintained, as there seemed to be considerable profit-taking, with futures prices about 5¢ above the loan. Also cash wheat in the Southwest was reported as coming out a little more freely with the result that a few hedges may have been placed. Final prices, however, were still about 1/8¢ per bu higher for both May and July wheat.

Corn was also very strong early, and feeding operations are bound to be impressive. At the same time, the price has advanced quite rapidly, and it is still so early in the season that naturally some caution is required. We feel that later on the situation will be different after we make heavier inroads into the big supplies.

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CHICAGO MERCANTILE EX.

CHICAGO December 29, 1942.

The trade has felt quite confident for sometime that flour ceilings would be advanced. While there has been nothing definite from Washington to indicate to what extent the increase would be made, there have been a few more statements given out the past few days leading us to believe that the subsidy plan, which had at first been considered, will finally be abandoned, but that in its place, Secretary Wickard and the Department of Agriculture will prevail upon Mr. Byrnes to permit greater latitude, insofar as flour prices are concerned. Following the President's directive and action on part of OPA, it will undoubtedly require permission on part of the Director of Economic Stabilization to bring about this change. Some feel that the increase in flour ceiling will range between 75¢ and $1.00 per barrel above current levels. This is somewhat more optimistic than the first figures we had, suggesting that only 58 cents would be the permissible advance. However, it is very obvious that no good can be accomplished unless there would be sufficient latitude granted to take care of millers and processors in the event that further strength in wheat occurred. Therefore if our information is correct, they may be considering a policy of adopting the higher flour price level for the upward limit in order to bring about the maximum amount of good in ironing out a situation that has given them great concern. Translated into terms of wheat, it would permit the price to rise within about 0¢ of parity levels, and it would also tend to encourage certain farmers to market their crop more freely, thus placing larger quantities back into commercial channels.

Markets were somewhat higher this morning, but until definite confirmation is at hand there is still some hesitancy, and meanwhile volume of trade has kept to very small proportions. There is also a little freer movement of wheat in the Southwest, although no noticeable increase in hedging pressure, and apparently a good many people are staying rather close to shore until this important question is settled.

Generally speaking, the statistical position remains about unchanged. In another week Argentina closes her crop season. Up to he present time, 78 million bu of wheat and flour has been exported. his compares with 85 million bu in 1941, but 133 million bu in 1940. onsequently, the difficulty in obtaining adequate ocean tonnage is till a big factor. Of course, Britain, because of the length of aul, prefers to confine her trade largely to Canada. The crop about o be harvested will yield possibly 140 million bu over and above omestic requirements, and if this is correct, the surplus of old heat one year hence may be in the neighborhood of 220 million bu, or pproximately 2 1/4 times home usage.

Primary receipts were 1,195,000 bu compared with 1,658,000 bu ast week, and 536,000 bu last year. Kansas City and Minneapolis tocks so far this week show a total decrease of 510,000 bu.

Markets were strong from start to finish, and this was true n practically all pits, with rye the only exception. The latter cereal, f course, is not influenced by a high loan; therefore, not the big uantities are impounded as is the case with wheat. The leading ereal may have to go to a level where redemptions take place, and ince the farmer has in mind that possibly a new parity computation ill be used next year, he is in a rather bullish frame of mind. fter the close of the market today, new parity prices will be issued rom Washington. Final prices showed an advance of about 1 1/4¢ a bu.

Corn was helped by the strength in wheat but has merit of its wn. Hogs were a little lower today, but the feeding ratio is still o good that little attention is paid to the day-to-day trend.

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CHICAGO MERCANTILE EX.

CHICAGO Dec. 30, 1942.

It is difficult for a good many people to appreciate the reason for great tightness in cash wheat, having raised the second largest crop of record, and having carried into the present crop the largest surplus in history. The fact of the matter is that while about 627 million bu was on hand last July from other years, only about 200 million bu was actually free. The balance had either been defaulted to the government or else remained on the farms where final title had not been determined. But in any event, the amount available for commercial purposes was only 200 million bu, which was not sufficient to take care of grindings for the first six months of the crop year. Of the 981 million bu produced last summer, it is estimated that 450 million bu will finally go into the loan, and in addition to this 150 million bu will probably never leave the farms, since it will be utilized for feed and seed. Therefore, 600 million bu can practically be considered as sterile, leaving only 380 million bu of wheat for the trade. Of this amount we have probably drawn 50 million bu already to take care of normal milling consumption from July to January, and possibly 75 million bu has been ground and sold to various bakers throughout the country, with the result that only about 255 million bu of wheat remains available for commercial users, plus, of course, any further amounts that might be redeemed or which the government itself might elect to sell.

It was possibly with this picture fully in mind that the government late yesterday advanced flour price ceilings about 10% on the average. Prices have not yet been determined for all parts of the country, and they will vary somewhat, but on basis of the information now at hand, it would virtually place a ceiling on Chicago wheat at prices not far above the present basis for the cash article. Naturally a higher ceiling makes it easier for mills to breathe, at least for a time, but it remains to be seen whether the announcement of the government is a temporary expedient, or whether wheat finally will be compelled to go nearer the parity levels, so that redemptions can take place. The fact that mill-feeds are selling higher than when the original ceiling was adopted is all in favor of millers. As a further inducement to aid them the government initiated a supporting price for mill-feeds at not less than $1.50 per ton under the ceiling. On the other hand, the offal has advanced so much in recent weeks that it is practically selling at the ceiling now; therefore, prices may become more or less stabilized. We also incline to the view that there never would have been all the excitement if the government had kept away entirely from all flour ceilings. The chances are that more wheat would have come out on the open market, except that attention was drawn to the fact that the government deemed ceilings necessary, and possibly much of the confusion could have been averted had matters been let alone. As it was,a holding tendency has been accentuated, with many farmers feeling that with the farm bloc on their side further benefits might be granted them.

Primary receipts of wheat were 1,276,000 bu compared with 990,000 bu last week, and 644,000 bu last year. Kansas City stocks for two days decreased 287,000 bu.

Markets were firm early in the session, with new seasonal highs again registered. However, with so many different policies adopted at Washington, there seems to be great confusion. As we view it, no material weakness can result until some of the impounded grain comes out of hiding. On the other hand, there is bound to be some milling demand from time to time, and the overnight business was sufficient to sustain values for a while, although finally selling orders turned the trend, with May and July 3/4¢ a bu lower at the last.

Corn likewise turned weak in sympathy with the leading cereal, but there was no pronounced liquidation. The fact remains that there are so many hogs in the country to be fed that farmers will have to sell their corn sparingly to insure themselves always of sufficient feedstuffs.

Rye, which is practically on an import basis, yielded as much ground as any other cereal, and in our opinion deserves to sell at big discounts under both wheat and corn, for the reason that it lacks real merit.

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YORK COFFEE AND SUGAR EX.
OMMODITY EXCHANGE INC.

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CHICAGO

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December 31, 1942

American agriculture has enjoyed the most prosperous year in its istory. The 1942 harvest was far above any in the past. Wheat, for nstance, yielded 19.8 bu per acre, or 3 bu more than in any previous ear. Part of this, of course, was due to the very excellent weather hich prevailed, but it was also due to the increased use of rust-reistant varieties, and possibly better seed. In some marginal areas, he wheat crop was actually worth more than the land on which it was rown. The total wheat crop from the 50 million acres harvested mounted to 981 million bu, which was the second largest crop in hisory, exceeded only in 1915.

The corn crop, now estimated at 3,175 million bu, was raised on ess than 90 million acres, and has established a record for all time. t is about 100 million bu larger than the 1920 crop, which was the econd largest. However, the average yield of 35.5 bu is amazing ince it is equal to almost one ton of shelled corn per acre, and is 0% above the average from 1930 to 1939. Here again, this could not ave been accomplished by propitious weather alone. Many of the State verages ran as high as 50 bu per acre, something hitherto unknown; n fact, this was only made possible by the adoption of hybrid seed, hich promises to do much for the future. All wars have brought changes n technology, industrial revolution, new products, as well as scienific and agricultural developments of all kinds.

The returns from the 1942 rye crop year were the largest since 1924, and the harvest was 50% larger than average. The yield per acre f 14.9 bu was equal to 1922 but never has been exceeded in the seveny-seven years of record.

In oats, there was also a near-record yield of 35.9 bu per acre, hich gave us a harvest of 1,359 million bu, and it is more than in ny other year since 1925. The hay crop figures exceeded 105 million ons for the first time in history.

It is always fortunate that in wartime foodstuffs are produced in uch great abundance. The farmer's income for 1942 was in excess of $15 billions from marketings alone. He also received considerable sums f money from the government. Therefore, from all sources he was beter off than at any time in the annals of our country. The previous eak in farm income was in 1919, when $14 3/4 billion was received. ooking ahead to 1943, the chances are that it will be still more reunerative, with some likelihood that incomes may reach $17 billion.

The coming year will also mark the 95th anniversary of the foundng of the Chicago Board of Trade. This, too, is of equal importance. ad it not been for the great central markets which have developed, griculture could not have prospered over so long a period. These rganized Exchanges are in letter and in spirit great auctions open to he whole world where buyers and sellers make their daily bids and ffers. Right now, we stand at the crossroads, but despite all the overnmental intervention, it is our hope that the Exchanges will surive.

Volume of trade, insofar as wheat futures are concerned, has proably been the smallest since 1921, and also, the open interest is at bout the lowest point ever reached, since many of the usual hedging ransactions are not taking place with so much grain being impounded. efaults on loans were the greatest since the program started, and thus he government has fallen into possession of more wheat than was accumuated during the days of the Farm Board. The public sometimes overlooks he fact that only because of the organized exchanges grain can be mareted and distributed at such an extremely low handling cost. The echanism runs so smoothly that much is taken for granted, but in each ay's trading session, hundreds of problems are solved. It is here in hicago that the greatest grain market of the world has been built, and t would certainly be a tremendous loss to hedgers, millers, and proucers if the present system of marketing had to be abandoned.

WE WISH YOU ALL A HAPPY NEW YEAR. TOMORROW BRINGS US ONE DAY NEARER TO VICTORY.

UHLMANN GRAIN CO.